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, 2025

INVERSO & STEWART, LLC
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, 2025, and have issued my report thereon dated November 28, 2025.

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
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
November 28, 2025

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

Name	Position	Amount
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.

P.L. 2020, c,44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted included 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

There were no tuition charges for the fiscal year ending June 30, 2025.

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.

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

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.

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 following was noted regarding the financial and accounting records of the Board Secretary/Business Administrator's office:

Finding No. 2025-001 (ACFR Finding No. 2025-001):

In the General Fund, not all revenues and expenditures were properly posted in the financial records.

Recommendation:

That all revenues and expenditures be properly posted in the financial records.

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.

The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

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-behalf 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 $22,400 for 2024-25.

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

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 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.

Net cash resources did not exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the ACFR.

Application for State School Aid

My 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. 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 offsetting errors for the on-roll counts. 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 2024-2025 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.

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, 2025.

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

Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

November 28, 2025

Cape May City School District
Application for State School Aid Summary
Enrollment as of October 15, 2024

	2025-2026 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 Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Pre K 3 Yr	11		11		-		11		11		-					
Full Day Pre K 4 Yr	24		24		-		24		24		-					
Full Day K	20		18		(2)		20		20		-					
One	15		14		(1)		15		15		-					
Two	15		13		(2)		15		15		-					
Three	17		15		(2)		17		17		-					
Four	17		17		-		17		17		-					
Five	10		10		-		10		10		-					
Six	8		8		-		8		8		-					
Subtotal	137	-	130	-	(7)	-	137		137	-	-	-	-	-	-	-
SpEd Elementary	8		15		7		8		8		-					
SpEd Middle School	2		2		-		2		2		-					
Subtotal	10	-	17	-	7	-	10		10	-	-	-	-	-	-	-
Totals	147	-	147	-	-	-	147		147	-	-	-	-	-	-	-
Percentage Error					0.00%	-					0.00%	-				-

Cape May City School District
Application for State School Aid Summary
Enrollment as of October 15, 2024

	Resident Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre K 3 Yr	-	-	-	-	-	-
Full Day Pre K 4 Yr	-	-	-	-	-	-
Full Day K	8	8	-	7	7	-
One	5	5	-	4	4	-
Two	7	7	-	6	6	-
Three	5	5	-	4	4	-
Four	4	4	-	3	3	-
Five	3	3	-	2	2	-
Six	2	2	-	2	2	-
	34	34	-	28	28	-
SpEd Elementary	7	7	-	6	6	-
SpEd Middle School	2	2	-	2	2	-
Subtotal	9	9	-	8	8	-
Totals	43	43	-	36	36	-
Percentage Error						0.00%

	Resident LIEP Low Income			Sample for Verification		
	Reported on ASSA as LIEP Low Income	Reported on Workpapers as LIEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Pre K 3 Yr	-	-	-	-	-	-
Full Day Pre K 4 Yr	-	-	-	-	-	-
Full Day K	2	2	-	2	2	-
One	-	-	-	-	-	-
Two	1	1	-	1	1	-
Three	1	1	-	1	1	-
Four	1	1	-	1	1	-
Five	2	2	-	2	2	-
Six	-	-	-	-	-	-
	7	7	-	7	7	-
SpEd Elementary	2	2	-	2	2	-
SpEd Middle School	-	-	-	-	-	-
			-			
Subtotal	2	2	-	2	2	-
Totals	9	9	-	9	9	-
Percentage Error			0.00%			0.00%

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. Public School , col. 1	5	5	-	5	5	-
Reg. Special Education, col. 4	1	1	-	1	1	-
Transported-Non-Public, col. 3	-	-	-	-	-	-
Special Needs, Col. 6	5	5	-	5	5	-
	11	11	-	11	11	-
Percentage Error						0.00%

	Reported	Recalculated
Avg. Mileage - Regular Including Grade PK students	3.3	3.3
Avg. Mileage - Regular Excluding Grade PK students	3.3	3.3
Avg. Mileage - Special Ed. with Special Needs	13.7	13.7

Cape May City School District
Application for State School Aid Summary
Enrollment as of October 15, 2024

	Resident LIEP NOT Low Income			Sample for Verification		
	ASSA as NOT Low Income	Workpapers as NOT Low Income	Errors	Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre K 4 Yr	-	-	-	-	-	
Full Day K	2	2	-	2	2	-
One	-	-	-	-	-	-
Two	1	1	-	1	1	-
Three	-	-	-	-	-	-
Four	2	2	-	2	2	-
Five	2	2	-	2	2	-
Six	-	-	-	-	-	-
Subtotal	7	7	-	7	7	-
SpEd Elementary	-	-	-	-	-	-
SpEd Middle School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	7	7	-	7	7	-
Percentage Error			0.00%			0.00%

Cape May City School District
Application for State School Aid
Enrollment as of October 15, 2024

SCHEDULE OF AUDITED ENROLLMENTS

	Military Connected Students			
	Reported on ASSA as Military Connected Students	Sample for Verification	Sample Verified	Sample Errors
Totals	62	62	62	-
Percentage Error				0.00%

CAPE MAY CITY SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 1 - Regular Districts

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex C-1	$ 5,133,627	(B)		
Increased by:				
Transfer from Capital Outlay to Capital Projects Fund	$ 1,357,000	(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	$ 88,224	(B1d)		
Decreased by:				
On-Behalf TPAF Pension & Social Security	$ (1,141,785)	(B2a)		
Assets Acquired Under Capital Leases	$	(B2b)		
Adjusted 2024-25 General Fund Expenditures [(B)+(B1s)+(B2s)]	$ 5,437,066	(B3)		
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$ 108,741	(B4)		
Enter Greater of (B4) or $250,000	$ 250,000	(B5)		
Increased by: Allowable Adjustment	$ 1,132,863	(K)		
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]			$ 1,382,863	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-25 (Per ACFR Budgetary Comparison Schedule C-1)	$ 5,835,250	(C)		
Decreased by:				
Year-end Encumbrances	$ 948	(C1)		
Legally Restricted - Designated for Subsequent Year's Expenditures	$	(C2)		
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	$ 499,915	(C3)		
Other Restricted Fund Balances	$ 2,026,443	(C4)		
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	$ 1,028,914	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 2,279,030	(U1)

CAPE MAY CITY SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0-	$	896,167	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	$	499,915	(C3)
Reserved Excess Surplus [(E)]	$	896,167	(E)
Total [(C3) + (E)]	$	1,396,082	(D)

Detail of Allowable Adjustments

Impact Aid	$	1,132,863	(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)
Supplemental Stabilization Aid & Maintenance of Equity Aid	$		(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$	1,132,863	(K)

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	$		
Sale/lease-back reserve	$		
Capital reserve	$	4,823	
Maintenance reserve	$	251,330	
Emergency reserve	$		
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)	$	1,741,805	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	$		
Other state/government mandated reserves	$		
Reserve for Unemployment Fund	$	28,485	
Other Restricted Fund Balance not noted above	$		
Total Other Restricted Fund Balance	$	2,026,443	(C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2025

Recommendations:

1. Administrative Practices and Procedures

   None

2. Financial Planning. Accounting and Reporting

   That all revenues and expenditures be properly posted in the financial records.

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

    There were no prior year findings/recommendations.