

**BOARD OF EDUCATION OF THE
EASTERN CAMDEN COUNTY REGIONAL SCHOOL
DISTRICT
COUNTY OF CAMDEN**

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**



EASTERN CAMDEN COUNTY REGIONAL SCHOOL DISTRICTAuditor's Management Report on Administrative
Findings - Financial, Compliance and Performance

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**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

The Honorable President and
Members of the Board of Education
Eastern Camden County Regional School District
County of Camden, 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 Eastern Camden County Regional School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, which were separately issued in the Comprehensive Annual Financial Report dated December 4, 2015.

As part of our audit, we also performed procedures required by the Division of Administration and 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 Board of Education of the Eastern Camden County Regional School District, for the fiscal year ended June 30, 2015, and is intended for the information of the School District's management and the New Jersey Department of Education and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 001113

Voorhees, New Jersey
December 4, 2015

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

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the School District's Comprehensive Annual Financial Report ("CAFR").

Official Bonds (N.J.S.A. 18A: 17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Fred Wright	Board Secretary / School Business Administrator	\$ 10,000.00
Robert S. Schmus	Treasurer	260,000.00

The School District is insured with crime coverage through the Burlington County Joint Insurance Fund covering all other employees with multiple coverage of \$500,000.00.

Tuition Charges

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

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING

Examination of Claims

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

Payroll Account

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the agency payroll account.

Sampled payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary / School Business Administrator.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the General Fund.

Payrolls were delivered to the Board Secretary / School Business Administrator who then deposited warrants in separate bank accounts for net payroll and withholdings.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Employee Position Control Roster

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2014-2015 budget review checklist.

Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

Travel

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

Classification of Expenditures

The coding of expenditures was inspected for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our randomly sampled expenditure transactions. We also inspected the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

Treasurer of School Moneys' Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were in satisfactory condition.

Elementary and Secondary Education Act (E.S.E.A.) / Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act (N.C.L.B.) of 2001

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, and III of the Elementary and Secondary Education Act as amended and reauthorized.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

Other Special Federal and / or State Projects

The School District's Other Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

Our audit of the federal and state funds on a sample 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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned other special projects.

The audit of compliance for Other Special Projects did not indicate any reportable noncompliance.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

T.P.A.F. Reimbursement

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) 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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was inspected subsequent to the reimbursement and no exceptions were noted.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at:

http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

Based on the results of our audit, we 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, 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

The financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were inspected on a sample basis. No exceptions were noted.

Cash receipts and bank records were sampled for timely deposit. No exceptions were noted.

The School District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract / addendum were inspected and audited.

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

SCHOOL FOOD SERVICE (CONT'D)

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Sampled time sheets were inspected and labor costs verified. Payroll records were maintained on all School food service employees authorized by the School District. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner.

Sampled applications for free and reduced price meals were inspected for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and / or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis.

USDA Food Distribution Program (food and / or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

STUDENT BODY ACTIVITIES

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition. No exceptions were noted.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a sample of information reported in the October 15, 2014 Application for State School Aid ("A.S.S.A.") for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The School District has adequate written procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a sample of on-roll status reported in the 2014-2015 District Report of Transported Resident Students ("DRTRS"). The information that was reported on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

21900

MISCELLANEOUS

Continuing Disclosure Agreements

The School District complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

There were no audit findings for the fiscal year ended June 30, 2014.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2015.

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the School District we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Public School Accountant No. 01113

EASTERN CAMDEN COUNTY REGIONAL SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2014

	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 Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight												
Nine												
Ten	46	46		29	29		1	1		1	1	
Eleven	52	52		52	52		1	1		1	1	
Twelve	44	44		16	16		1	1		1	1	
Post-Graduate	38	38		14	14							
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	180	180		111	111		2	2		2	2	
Special Education-Elementary												
Special Education-Middle School	41	41		24	24							
Special Education-High School												
Subtotal	41	41		24	24							
Co. Voc. - Regular	1	1		1	1							
Co. Voc. Ft. Post Sec.												
Subtotal	1	1		1	1							
Totals	222	222		136	136		2	2		2	2	
Percentage Error												
Transportation												
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors					Reported	Re-Calculated
Reg. - Public Schools, Col. 1	1,176	1,176		216	216					4.3	4.3	4.3
Reg. - SpEd, Col. 4	139	139		26	26					12.1	12.1	12.1
Transported - Non-Public, Col. 3	2	2										
Special Needs, Col. 6	60	60		13	13							
Totals	1,377	1,377		255	255							
Percentage Error												

Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)
 Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)
 Spec. Avg. (Mileage) = Special Ed. with Special Needs

EASTERN CAMDEN COUNTY REGIONAL SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2014

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight	4	4		4	4	
Nine	3	3		3	3	
Ten	4	4		4	4	
Eleven						
Twelve	3	3		3	3	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	14	14		14	14	
Special Education-Elementary						
Special Education-Middle School	1	1		1	1	
Special Education-High School						
Subtotal	1	1		1	1	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal						
Totals	15	15		15	15	
Percentage Error						

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / CHARTER SCHOOL

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>35,619,221.51</u> (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	<u>2,796,097.37</u> (B2a)
Assets Acquired Under Capital Leases	_____ (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>32,823,124.14</u> (B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>656,462.48</u> (B4)
Enter Greater of (B4) or \$250,000	<u>656,462.48</u> (B5)
Increased by: Allowable Adjustment *	<u>176,854.00</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>833,316.48</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1)	<u>9,893,403.28</u> (C)
Decreased by:	
Year-end Encumbrances	<u>375,033.23</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	_____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>698,110.45</u> (C3)
Other Restricted Fund Balances ****	<u>7,267,114.57</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>156,040.55</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>1,397,104.48</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>563,788.00</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2015

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>698,110.45</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u>563,788.00</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>1,261,898.45</u> (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid, and recognized current year School Bus Advertising Revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	_____ (H)
Sale & Lease-back	_____ (I)
Extraordinary Aid	<u>165,892.00</u> (J1)
Additional Nonpublic School Transportation Aid	<u>10,962.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	 <u>176,854.00</u> (K)

** Line (C3) represents excess surplus generated at June 30, 2013 and must be included in the 2013-2014 Audit Summary Worksheet Line 90031. This amount was to be appropriated in the 2014-2015 general fund budget.

*** Line (E) represents the excess surplus generated at June 30, 2014 and must agree with the June 30, 2014 CAFR and be reported in the 2013-14 Audit Summary Worksheet line 90030.

**** Amount for Other Restricted 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 Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	_____
Sale/lease-back reserve	_____
Capital reserve	<u>5,091,074.86</u>
Maintenance reserve	<u>2,176,039.71</u>
Emergency reserve	_____
Tuition reserve	_____
School bus advertising 50% fuel offset reserve - current year	_____
School bus advertising 50% fuel offset reserve - prior year	_____
Other state/government mandated reserves	_____
 [Other Restricted Fund Balance not noted above]****	 _____
 Total Other Restricted Fund Balance	 <u>7,267,114.57</u> (C4)

