

**ADVISORY BOARD OF EDUCATION OF THE
CITY OF CAMDEN SCHOOL DISTRICT
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

CITY OF CAMDEN SCHOOL DISTRICT
Auditor'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 State District Superintendent and
Members of the Advisory Board of Education
City of Camden 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 Advisory Board of Education of the City of Camden School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, which were separately issued in the Comprehensive Annual Financial Report dated February 10, 2017.

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 Advisory Board of Education of the City of Camden School District, for the fiscal year ended June 30, 2016, and is intended for the information of the School District's management and the Division of Administration and Finance, Department of Education, State of New Jersey, and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
February 10, 2017

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

SCOPE OF AUDIT

The audit covered the financial transactions of the Interim Board Secretary/School Business Administrator, the activities of the School District, and the records of the various funds under the auspices of the School District

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>
Karen M. Willis	Interim Board Secretary/School Business Administrator	\$ 200,000.00

There is a Public Employees' Faithful Performance Crime Policy with National Union Insurance Company covering all other employees with multiple coverage of \$2,000,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The School District made adjustments 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 indicated the following reportable noncompliance items with respect to signatures, certification, or supporting documentation:

Finding No. 2016-011

Condition

The District did not comply with its designed internal controls regarding obtaining proper approval, by authorized management personnel, prior to the processing of purchase orders.

Recommendation

That the District comply with its designed internal controls regarding the proper approval of purchase orders, by authorized management personnel, prior to the processing of purchase orders.

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

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 payroll agency account.

Sampled payrolls were approved by an Assistant Superintendent and were certified by the Interim Board Secretary / School Business Administrator.

Sampled salary withholdings were not promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

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

Finding No. 2016-007

Condition

The District did not maintain, on a monthly basis, a payroll agency analysis as part of its payroll agency account reconciliation process. This resulted in an accumulation of funds in this account that did not agree with liabilities subsequently paid to payroll agencies and also indicated unidentified monies in the payroll agency account.

Recommendation

That the District's payroll agency cash reconciliation process include an analysis of the account, that's prepared monthly, accurately allocates cash activity, liabilities correspond to subsequent payments and differences be investigated for proper resolution.

Finding No. 2016-012

Condition

The District did not have good internal controls in place regarding the payment of payroll liabilities resulting in the assessment of late penalties.

Recommendation

That the District design and implement good internal controls that will insure prompt payment of payroll liabilities in an effort to avoid late penalties.

Finding No. 2016-015

Condition

The District paid health benefits for terminated employees past the thirty days permitted by District policy.

Recommendation

That the District comply with its policy that health benefits be provided to employees who resigned or were terminated for only thirty days after their last date of employment.

Finding No. 2016-016

Condition

The District did not enroll all its new employees into a pension plan within a reasonable amount of time.

Recommendation

That the District enroll all its new employees into a pension plan within a reasonable amount of time.

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

Payroll Account (Cont'd)

Finding No. 2016-020

Information on the State Program

State Aid Public – Cluster:	
Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085
Per Pupil Growth Aid	G.M.I.S. No. 495-034-5120-097
PARCC Readiness Aid	G.M.I.S. No. 495-034-5120-098

Condition

The District did not comply with N.J.S.A. 18A:16-17 requirements regarding the proper amounts contributed by employees for health benefits coverage.

Recommendation

That the District comply with N.J.S.A. 18A:16-17 requirements regarding the proper amounts contributed by employees for health benefits coverage.

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 2015-2016 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 indicated the following reportable instance of noncompliance with respect to classification of orders.

Finding No. 2016-001

Condition

The District's accounting records did not include all transactions that should have been recorded in its accounting records and ultimately in its financial statements as of and for the fiscal year ended June 30, 2016.

Recommendation

That the District improve its internal controls regarding the payment of expenses and recording of liabilities to ensure the District's accounting records include all transactions that should be recorded in its accounting records and ultimately in its financial statements.

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 tested 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 tested 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 indicated the following reportable noncompliance with respect to classification of expenditures.

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

Classification of Expenditures (Cont'd)

Finding No. 2016-006

Condition

The District did not charge all its expenses in accordance with the State Department of Education's approved chart of accounts.

Recommendation

That the District charge all its expenses in accordance with the State Department of Education's approved chart of accounts.

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were not in satisfactory condition as evidenced by the following:

Finding No. 2016-002

Condition

The District did not maintain an accurate general ledger accounting record that was reconciled monthly to other District accounting records.

Recommendation

That the District properly maintain a general ledger and reconcile the ledger monthly with other subsidiary accounting records.

Finding No. 2016-003

Condition

The District cash reconciliations for the general, food service, net payroll, payroll agency, unemployment trust, flexible spending and student activity accounts were not prepared in accordance with N.J.S.A. 18A:17-9.

Recommendation

That the District accurately reconcile its general, food service, net payroll, payroll agency, unemployment trust, flexible spending and student activity cash accounts on a monthly basis in accordance with N.J.S.A. 18A:17-9.

Finding No. 2016-004

Condition

The District's budget accounting records did not agree with the District's approved budget for school year 2015-16.

Recommendation

That the District's budget accounting records agree with the District's approved budget.

Finding No. 2016-005

Condition

The District did not comply with N.J.A.C. 6A:23A-16.10 requirements because numerous District budget appropriations were over-expended at year-end and the minutes indicated that the Board certified that there were no over-expenditures.

Recommendation

That in accordance with N.J.A.C. 6A:23A-16.10, the District not over expend its budgetary appropriations.

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

Board Secretary's Records (Cont'd)

Finding No. 2016-010

Condition

Legal costs incurred by the District for the school year ending June 30, 2015 exceeded 130% of the Statewide average and the District did not respond as required by N.J.A.C. 6A:23A-5.29(a)(3).

Recommendation

That the District comply with 6A:23A-5.29(a)(3) requirements when its legal costs exceed 130% of the Statewide average.

Finding No. 2016-013

Condition

The District did not have good internal controls in place regarding the payment of its utility bills and payments to home improvement department stores.

Recommendation

That the District design and implement good internal controls regarding the payment of its utility and payments to home improvement department stores.

Finding No. 2016-021

Information on the State Program

State Aid Public – Cluster:

Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085
Per Pupil Growth Aid	G.M.I.S. No. 495-034-5120-097
PARCC Readiness Aid	G.M.I.S. No. 495-034-5120-098

Condition

The District could not provide evidence that it obtained Commissioner approval or executive county superintendent as Commissioner’s designee for line item transfers from any general fund appropriation account that on a cumulative basis exceed ten percent of the amount of the account included in the budget certified for taxes and for transfers to an advertised appropriation account identified as general administration, school administration, central services and administrative information technology or other support services as required by N.J.A.C. 6A:23A-13.3.

Recommendation

That the District comply with N.J.A.C. 6A:23A-13.3 by receiving Commissioner approval or executive county superintendent as Commissioner’s designee for line item transfers from any general fund appropriation account that on a cumulative basis exceed ten percent of the amount of the account included in the budget certified for taxes and for transfers to an advertised appropriation account identified as general administration, school administration, central services and administrative information technology or other support services.

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

Board Secretary's Records (Cont'd)

Finding No. 2016-022

Information on the State Program

State Aid Public – Cluster:

Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085
Per Pupil Growth Aid	G.M.I.S. No. 495-034-5120-097
PARCC Readiness Aid	G.M.I.S. No. 495-034-5120-098

Condition

The District did not provide evidence that documentation prepared for income tax related purposes complies fully with requirements of federal and state laws and regulations as required by N.J.S.A. 18A:23-2.1.

Recommendation

That the District did provide evidence that documentation prepared for income tax related purposes complies fully with requirements of federal and state laws and regulations as required by N.J.S.A. 18A:23-2.1.

Treasurer of School Moneys' Records

Our audit of the financial and accounting records maintained by the Treasurer, until the position was eliminated by the School District in November 2015, indicated that they were not in satisfactory condition. (See Findings Nos. 2016-001, 002, 003, 004, 005, 010, 013, 021 and 022)

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. indicated the following reportable item of noncompliance:

Finding No. 2016-019

Information on the Federal Program

N.C.L.B – Title I C.F.D.A. No. 84.010A

Condition

The District could not provide evidence that it tracked its Title I earmarked funds reserved for specific purposes such as priority/focus schools, professional development, neglected, etc. as required by the grantor and detailed in the program's compliance supplement.

Recommendation

That the District comply with all Title I requirements by tracking it's earmarked funds such as priority/focus schools, professional development, neglected, etc. as detailed in the program's compliance supplement and retain evidence of its tracking for audit.

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

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 indicated the following reportable items of noncompliance:

Finding No. 2016-025

Information on the State Program

Preschool Education Aid G.M.I.S. No. 495-034-5120-086

Condition

The District improperly charged salaries to its Preschool Education Program for individuals who did not participate in the Program.

Recommendation

That the District charge salaries to its Preschool Education Program for individuals who participate in the Program.

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.

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

The amount of the expenditure charged to the current year's final report 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 and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and the following exception was noted:

Finding No. 2016-018

Condition

The District's Reimbursement to the State of New Jersey form listing all federally funded contractual salaries reported on the Social Security Wage report and Teachers' Pension and Annuity report was not prepared accurately.

Recommendation

That the District's Reimbursement to the State of New Jersey form listing all federally funded contractual salaries reported on the Social Security Wage report and Teachers' Pension and Annuity report be prepared accurately.

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&oftpage=TOC Frame Pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 \$18,800.00 for 2015-16.

Finding No. 2016-014

Condition

The District adopted a resolution increasing the bid threshold to \$40,000.00 without designating a qualified purchasing agent who possessed a qualified purchasing agent certificate as required by N.J.S.A. 18A:18A-3.

Recommendation

That the District adopt a resolution increasing its bid threshold only when it meets the requirements contained in N.J.S.A. 18A:18A-3.

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 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 tested on a sample basis. No exceptions were noted.

Cash receipts and bank records were sampled for timely deposit. The following item was noted:

Finding No. 2016-009

Condition

Food service and student activity receipts were not deposited promptly.

Recommendation

That all food service and student activity receipts be deposited promptly.

SCHOOL FOOD SERVICE (CONT'D)

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. The FSMC contract includes an operating results provision which guarantees that the food service program will break-even. The operating results provision has been met.

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.

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 tested and labor costs verified. Payroll records were maintained on all sampled 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 tested 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. The free and reduced price meal and free milk policy was inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

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.

The School District maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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 the following items:

Finding No. 2016-008

Condition

The District could not provide supporting documentation for all student activity receipts/deposits and disbursements.

Recommendation

That the District obtain and retain supporting documentation for all student activity receipts/deposits and disbursements.

Finding No. 2016-009

Condition

Food service and student activity receipts were not deposited promptly.

Recommendation

That all food service and student activity receipts be deposited promptly.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a sample of information reported in the October 15, 2015 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 with exception. The information that was included on the workpapers was verified with 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.

Finding No. 2016-023

Information on the State Program

State Aid Public – Cluster:	
Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085
Per Pupil Growth Aid	G.M.I.S. No. 495-034-5120-097
PARCC Readiness Aid	G.M.I.S. No. 495-034-5120-098
Preschool Education Aid	G.M.I.S. No. 495-034-5120-086

Condition

The District’s workpapers and corresponding documentation did not agree with the submitted A.S.S.A. report and as a result, differences were identified.

Recommendation

That the District’s workpapers and corresponding documentation agree with the submitted A.S.S.A. report.

PUPIL TRANSPORTATION

Our audit procedures included a sample of on-roll status reported in the 2015-2016 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 and indicated the following item:

Finding No. 2016-024

Information on the State Program

Transportation Aid	G.M.I.S. No. 495-034-5120-014
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Condition

Our examination of the District’s District Report of Transported Resident Students (DRTRS) revealed reported students who could not be traced to attendance records and documentation that did not support the District’s classifications.

Recommendation

That the District’s District Report of Transported Resident Students (DRTRS) report students who can be traced to attendance records and retain documentation that supports the District’s classifications.

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.

FACILITIES AND CAPITAL ASSETS

Our audit of the financial and accounting records for facilities and capital assets indicated the following item:

Finding No. 2016-017

Condition

The District's capital asset record was not maintained timely, did not account for all the assets owned by the District, included additions from prior years that were not previously reported, did not specifically identify assets purchased with federal funds and did not report depreciation by function.

Recommendation

That the District's capital asset record be maintained timely, account for all assets owned by the District, identify capital assets purchased with federal funds and report depreciation by function.

MISCELLANEOUS

Continuing Disclosure Agreements

Not applicable – no outstanding bonds

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year findings:

Finding No. 2015-001 (See Finding No. 2016-003)

Condition

The District cash reconciliations for the general fund, net payroll, payroll agency and student activity accounts were not prepared in accordance with N.J.S.A. 18A:17-9 and included adjustments that could not be identified.

Finding No. 2015-002 (See Finding No. 2016-009)

Condition

Food service and student activity receipts were not deposited promptly.

Finding No. 2015-003 (See Finding No. 2016-007)

Condition

The District did not maintain, on a monthly basis, a payroll agency analysis as part of its payroll agency account reconciliation process. This resulted in an accumulation of funds in this account that did not agree with liabilities subsequently paid to payroll agencies and also indicated unidentified monies in the payroll agency account.

Finding No. 2015-004 (See Finding No. 2016-008)

Condition

The District could not provide records that detailed its student activity receipts and disbursements.

Finding No. 2015-005 (See Finding No. 2016-015)

Condition

The District paid health benefits for terminated employees past the thirty days permitted by District policy.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS (CONT'D)

Finding No. 2015-006 (See Finding No. 2016-013)

Condition

The District did not have good internal controls in place regarding the payment of its utility bills and payments to home improvement department stores.

Finding No. 2015-007 (See Finding No. 2016-012)

Condition

The District did not have good internal controls in place regarding the payment of payroll liabilities resulting in the assessment of late penalties.

Finding No. 2015-008 (See Finding No. 2016-017)

Condition

The District's capital asset record was not maintained timely, did not account for all the assets owned by the District and did not report depreciation by function.

Finding No. 2015-009 (See Finding No. 2016-018)

Condition

The District's Reimbursement to the State of New Jersey form listing all federally funded contractual salaries reported on the Social Security Wage report and Teachers' Pension and Annuity report was not accurate or filed timely.

Finding No. 2015-011 (See Finding No. 2016-010)

Condition

Legal costs incurred by the District for the school year ending June 30, 2014 exceeded 130% of the Statewide average and the District did not respond as required by N.J.A.C. 6A:23A-5.29(a)(3).

FEDERAL AWARDS

Finding No. 2015-013 (See Finding No. 2016-019)

Information on the Federal Program

N.C.L.B – Title I C.F.D.A No. 84.010A

Condition

With the exception of parental involvement, the District could not provide evidence that it tracked its Title I earmarked funds as required by the grantor and detailed in the program's compliance supplement.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS (CONT'D)

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2015-019 (See Finding No. 2016-022)

Information on the State Program

State Aid Public – Cluster:

Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085
Per Pupil Growth Aid	G.M.I.S. No. 495-034-5120-097
PARCC Readiness Aid	G.M.I.S. No. 495-034-5120-098

Condition

The District could not provide evidence certifying that all documentation prepared for income tax related purposes complies fully with the requirements of federal and state laws was filed in accordance with N.J.S.A. 18A:17-14.4.

Finding No. 2015-020 (See Finding No. 2016-023)

Information on the State Program

State Aid Public – Cluster:

Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085
Per Pupil Growth Aid	G.M.I.S. No. 495-034-5120-097
PARCC Readiness Aid	G.M.I.S. No. 495-034-5120-098
Preschool Education Aid	G.M.I.S. No. 495-034-5120-086

Condition

The District could not provide school attendance registers for certain charter/renaissance schools within the District that agreed to the submitted A.S.S.A. report and as a result, on-roll students for those schools could not be verified.

Finding No. 2015-021 (See Finding No. 2016-025)

Information on the State Program

Preschool Education Aid	G.M.I.S. No. 495-034-5120-086
-------------------------	-------------------------------

Condition

The District provided information in accordance with the Preschool Education compliance supplement that did not properly support charges to the Preschool Education Program.

We have also inspected any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). The District prepared corrective action plans responding to the reports and is currently implementing its corrections.

ACKNOWLEDGMENT

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Public School Accountant No. 20CS00223300

CITY OF CAMDEN SCHOOL DISTRICT
 Schedule of Meal Count Activity
 Food Service Fund
 Number of Meals Served and (Over) / Underclaim - Federal
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2016

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
National School Lunch (High Rate)	Paid	-	5,149	5,149	-	\$ 0.31	\$ -
	Reduced	-	-	-	-	2.69	-
	Free	<u>1,762,089</u>	<u>12,610</u>	<u>12,610</u>	<u>-</u>	3.09	<u>-</u>
	Total	<u>1,762,089</u>	<u>17,759</u>	<u>17,759</u>	<u>-</u>		<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>1,762,089</u>	<u>17,759</u>	<u>17,759</u>	<u>-</u>	0.06	<u>-</u>
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.29	-
	Reduced	-	-	-	-	1.36	-
	Free	<u>148,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	1.66	<u>-</u>
	Total	<u>148,951</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
School Breakfast (Severe Need Rate)	Paid	-	3,598	3,598	-	0.29	-
	Reduced	-	-	-	-	1.69	-
	Free	<u>1,263,156</u>	<u>9,350</u>	<u>9,350</u>	<u>-</u>	1.99	<u>-</u>
	Total	<u>1,263,156</u>	<u>12,948</u>	<u>12,948</u>	<u>-</u>		<u>-</u>
After School Snacks At Risk / Area Eligible (No Charge)	Free (Area Eligible)	<u>154,434</u>	<u>952</u>	<u>952</u>	<u>-</u>	0.84	<u>-</u>
	Total	<u>154,434</u>	<u>952</u>	<u>952</u>	<u>-</u>		<u>-</u>
CACFP (d) - Food	Free	115,428	1,007	1,007	-	3.07	-
CACFP (d) - Cash-in-lieu of USDA Foods	Free	<u>115,428</u>	<u>1,007</u>	<u>1,007</u>	<u>-</u>	0.2375	<u>-</u>
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

CITY OF CAMDEN SCHOOL DISTRICT
 Schedule of Meal Count Activity
 Food Service Fund
 Number of Meals Served and (Over) / Underclaim - State
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2016

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
National School Lunch (Regular Rate)	Paid	-	5,149	5,149	-	\$ 0.040	\$ -
	Reduced	-	-	-	-	0.055	-
	Free	<u>1,762,089</u>	<u>12,610</u>	<u>12,610</u>	<u>-</u>	0.055	<u>-</u>
	Total	<u>1,762,089</u>	<u>17,759</u>	<u>17,759</u>	<u>-</u>		
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

CITY OF CAMDEN SCHOOL DISTRICT
 Schedule of Net Cash Resources
 Net Cash Resources Did/Did Not Exceed Three Months of Expenditures
 Proprietary Funds - Food Service Fund
 For the Fiscal Year Ended June 30, 2016

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>	
CAFR	Current Assets		
B-4	Cash & Cash Equivalents	\$ 614,017.08	
B-4	Due from Other Governments	1,904,629.36	
B-4	Due from Other Funds	190,699.67	
B-4	Other Accounts Receivable	36,789.96	
CAFR	Current Liabilities		
B-4	Less Accounts Payable	(820,158.24)	
B-4	Less Accruals	(35,212.36)	
B-4	Less Due to Other Funds	(2,342.04)	
B-4	Less Unearned Revenue	(1,592.22)	
	Net Cash Resources	<u><u>\$ 1,886,831.21</u></u>	(A)

Net Adjusted Total Operating Expense:

B-5	Total Operating Expenditures	\$ 9,840,126.29	
B-5	Less Depreciation	<u>(141,685.62)</u>	
	Adjusted Total Operating Expense	<u><u>\$ 9,698,440.67</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>\$ 969,844.07</u></u>	(C)
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Three Times Monthly Average:

3 X C	<u><u>\$ 2,909,532.20</u></u>	(D)
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TOTAL IN BOX A	\$ 1,886,831.21
LESS TOTAL IN BOX D	<u>2,909,532.20</u>
NET	<u><u>1,022,700.99</u></u>
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

CITY OF CAMDEN SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for the Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool	967		967					115		115						
Half Day Kindergarten																
Full Day Kindergarten	1,417		1,417					325		325						
One	1,333		1,333					62		68		(6)				
Two	1,287		1,285			2		141		140		1				
Three	1,222		1,217			5		196		197		(1)				
Four	1,101		1,100			1		251		252		(1)				
Five	1,004		1,002			2		65		65						
Six	974		972			2		27		27						
Seven	933		932			1		50		50						
Eight	860		858			2		18		18						
Nine	803		799			4		173		174		(1)				
Ten	679		675			4		98		98						
Eleven	622		622					52		52						
Twelve	520		517			3		131		131						
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
Subtotal	13,722	-	13,696	-	26	-		1,704	-	1,712	-	(8)	-	-	-	-
Special Education-Elementary	1,010		1,010					14		15		(1)	28	23	22	1
Special Education-Middle School	633		633					37		38		(1)	28	19	18	1
Special Education-High School	635		634		1			40		44		(4)	78	60	51	9
Subtotal	2,278	-	2,277	-	1	-		91	-	97	-	(6)	134	102	91	11
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Subtotal	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Totals	16,000	-	15,973	-	27	-		1,795	-	1,809	-	(14)	134	102	91	11
Percentage Error					0.17%	-						-0.78%				10.78%

CITY OF CAMDEN SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2015

	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	1,242	1,242		39	38	1	106	106				
One	1,143	1,143		34	34		99	99				
Two	1,130	1,132	(2)	17	16	1	80	80		1		1
Three	1,030	1,033	(3)	25	25		91	91		12	12	
Four	918	918		26	24	2	44	44		9	9	
Five	871	871		7	7		46	46		10	10	
Six	815	815		11	11		35	35		3	3	
Seven	746	746		9	9		27	27		3	3	
Eight	668	668		11	9	2	39	39		24	24	
Nine	612	612		15	14	1	27	27		27	29	(2)
Ten	499	499		49	47	2	18	18		18	21	(3)
Eleven	402	402		17	16	1	18	18		18	18	
Twelve	330	330		59	58	1	15	15		6	6	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	10,406	10,411	(5)	319	308	11	645	645	-	131	135	(4)
Special Education-Elementary	874	874		16	16		85	85				
Special Education-Middle School	525	525		14	14		33	33				
Special Education-High School	461	462	(1)	10	10		10	10				
Subtotal	1,860	1,861	(1)	40	40	-	128	128	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	12,266	12,272	(6)	359	348	11	773	773	-	131	135	(4)
Percentage Error			<u>-0.05%</u>			<u>3.06%</u>			<u>-</u>			<u>-3.05%</u>

	Transportation						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	Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	2,369	2,369		168	159	9				3.5	3.5
Reg. - SpEd, Col. 4	731	731		51	43	8				3.5	3.5
Transported - Non-Public, Col. 3	275	275		20	20					7.4	7.4
Special Needs, Col. 6	704	704		50	44	6					
Totals	4,079	4,079	-	289	266	23					
Percentage Error			<u>-</u>			<u>7.96%</u>					

CITY OF CAMDEN SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2015

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.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	29	29		5	5	
One	38	38		7	7	
Two	33	33		8	8	
Three	26	26		6	6	
Four	22	22				
Five	17	17				
Six	11	11				
Seven	21	21		21	21	
Eight	28	28				
Nine	28	28		28	29	(1)
Ten	20	20		20	21	(1)
Eleven	16	16		16	17	(1)
Twelve	20	20		4	4	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	<u>309</u>	<u>309</u>	<u>-</u>	<u>115</u>	<u>118</u>	<u>(3)</u>
Special Education-Elementary	12	12				
Special Education-Middle School	5	5				
Special Education-High School	2	2				
Subtotal	<u>19</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u><u>328</u></u>	<u><u>328</u></u>	<u><u>-</u></u>	<u><u>115</u></u>	<u><u>118</u></u>	<u><u>(3)</u></u>
Percentage Error			<u><u>-</u></u>			<u><u>-2.61%</u></u>

EXCESS SURPLUS CALCULATION

SCHOOL BASED BUDGET DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures Reported on CAFR Exhibit C-1	<u>330,550,608.12</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	<u>-</u> (A1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>-</u> (A1a)
Transfer from General Fund to Special Revenue Fund for Preschool - Regular	<u>-</u> (A1a)
Transfer from General Fund to Special Revenue Fund for Preschool - Inclusion	<u>1,597,184.00</u> (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	<u>4,260,110.22</u> (A1b)
2015-16 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	<u>327,887,681.90</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>24,021,107.21</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	<u>-</u> (A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	<u>-</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>0%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>-</u> (A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	<u>-</u> (A8)
2015-16 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>303,866,574.69</u> (A9)
2% of Adjusted 2015-16 General Fund Expenditures [(A9) times .02]	<u>6,077,331.49</u> (A10)
Enter Greater of (A10) or \$250,000	<u>6,077,331.49</u> (A11)
Increased by: Allowable Adjustment *	<u>540,903.58</u> (K)
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>6,618,235.07</u> (M)

EXCESS SURPLUS CALCULATION (CONT'D)

SCHOOL BASED BUDGET DISTRICT

SECTION 2

Total General Fund - Fund Balances at June 30, 2016	<u>26,772,755.75</u> (C)
Decreased by:	
Year-end Encumbrances	<u>173,248.05</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>18,390,835.00</u> (C3)
Other Restricted Fund Balances ****	<u>1,000,001.00</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>2,455,164.23</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u><u>4,753,507.47</u></u> (U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-	<u><u>-</u></u> (E)
--	---------------------

Recapitulation of Excess Surplus as of June 30, 2016

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>18,390,835.00</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u>-</u> (E)
Total Excess Surplus [(C3)+(E)]	<u><u>18,390,835.00</u></u> (D)

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Federal Impact Aid	<u>28,765.58</u> (H)
Sale & Lease-Back	<u>-</u> (I)
Extraordinary Aid	<u>461,344.00</u> (J1)
Additional Nonpublic School Transportation Aid	<u>50,794.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>-</u> (J3)
Family Crisis Transportation Aid	<u>-</u> (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	<u><u>540,903.58</u></u> (K)

EXCESS SURPLUS CALCULATION (CONT'D)

SCHOOL BASED BUDGET DISTRICT

Footnotes: (Cont'd)

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2016-2017 general fund budget.
- *** Amounts must agree to the June 30, 2016 CAFR and must agree to Audit Summary 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 another 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

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve	1.00
Maintenance reserve	-
Tuition reserve	-
Emergency reserve	1,000,000.00
School bus advertising 50% fuel offset reserve	-
School bus advertising 50% fuel offset reserve	-
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	<u>1,000,001.00 (C4)</u>

