

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

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CliftonLarsonAllen LLP
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Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
Mastery Schools of Camden, Inc.
County of Camden, New Jersey

We 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 Trustees of the Mastery Schools of Camden, Inc. in the County of Camden for the year ended June 30, 2015, and have issued our report thereon dated November 2, 2015.

As part of our audit, we 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 Mastery Schools of Camden, Inc. Board of Trustee's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

A stylized, cursive signature of the firm name 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP
Plymouth Meeting, Pennsylvania

A cursive signature of Bruce W. Braunewell.

Bruce W. Braunewell, CPA
Public School Accountant
PSA #20CS00261400

November 2, 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 Trustees, and the records of the various funds under the auspices of the Board of Trustees.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-13, Insurance Schedule contained in the school district or charter school or renaissance school project 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>
James Leonard	School Business Administrator	\$ 250,000
Joseph Ferguson	Secretary	\$ 250,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the board were processed through Payroll Accounts. Employees' payroll deductions and employer's share of fringe benefits were submitted using an outside payroll company to process payroll and deductions.

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 premium Amounts withheld due to the general fund.

Accounts Payable

A review of outstanding payables was made as of June 30 for proper classification of orders for accounts payable. No discrepancies were noted.

Travel

The district/charter school/renaissance school project did have an approved board travel policy as required by *N.J.A.C. 6A:23A-6.13* and *N.J.S.A. 18A:11-12*.

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 test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and state single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of zero percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions noted.

B. Administrative Classification Findings

No exceptions noted.

Board and Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary disclosed the following item.

Finding 2015-001:

It was noted that although the board was approving the budget to actual reports monthly along with approving all payroll and invoices, the approval requirement for transfers between line items before over-expenditure occurred was not being met.

Recommendations:

Board approval for budgetary line account transfers should be made before over-expenditure occurs for budgetary line items.

Management Response:

Budget transfers for the FY 2015 are being presented to the Board for approval at its October meeting.

Board of Trustees
Mastery Schools of Camden, Inc.

Treasurer's Records

Not Applicable.

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

The E.S.E.A./NCLB 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 and VI of the Elementary and Secondary Education Act as amended and reauthorized.

No exceptions noted.

Other Special Federal and/or State Projects

Our 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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

I.D.E.A. Part B

Not Applicable.

T.P.A.F. Reimbursement

Our audit procedures included a test and review of the calculation of the T.P.A.F. reimbursement for the current fiscal year. As of June 30, 2015, Mastery Schools of Camden, Inc. (School) has not been approved to be included in the Teacher's Pension and Annuity Fund (TPAF). As stated by N.J.S.A. 18A:66-90, the School will be reimbursed for the expenses incurred for the Social Security and FICA cost for Full-Time TPAF employees. The reimbursement was estimated based on the number of Full-Time employees that would be eligible under the TPAF plan once the School is approved.

No exceptions were noted.

Nonpublic State Aid

Not Applicable.

School Purchasing Programs

Not Applicable.

Board of Trustees
Mastery Schools of Camden, Inc.

School Food Service

Not Applicable.

Student Body Activities

Not Applicable.

Enrollment counts and related submissions to the Department or by the renaissance school project to the renaissance school district

Our audit procedures included a test of enrollment information on October 15, 2014 and the last day (if applicable) of school for on-roll, special education, bilingual and low-income.

No exceptions noted.

Miscellaneous

Not Applicable.

Follow-up on Prior Year Findings

Not Applicable.

Acknowledgment

We received the complete cooperation of all the officials of the renaissance school project and I greatly appreciate the courtesies extended to the members of the audit team.

**MASTERY SCHOOLS OF CAMDEN, INC.
ENROLLMENT COUNT AS OF OCTOBER 15, 2014
FOR YEAR ENDED JUNE 30, 2015**

ENROLLMENT COUNT AS OF OCTOBER 15, 2014

<u>1</u>		<u>2</u>										<u>2a.</u>		<u>2b.</u>		<u>3</u>		<u>3a.</u>	
Submission to		Sample																	
District reported		Reported on	Verified signed		Verified #		Special Ed/ Bilingual		Verified		Verified # days		Low		Verified				
Grades	On Roll	workpapers	registration forms	Errors	days enrolled	Errors	Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors					
Kindergarten	75	11	11	0	11	0	1	1	0	1	0	0	0	0					
One	68	3	3	0	3	0	0	0	0	0	0	0	0	0					
Two	71	6	6	0	6	0	1	1	0	1	0	0	0	0					
Three	69	5	5	0	5	0	0	0	0	0	0	0	0	0					
Four	52	5	5	0	5	0	1	1	0	1	0	0	0	0					
Five	52	10	10	0	10	0	0	0	0	0	0	0	0	0					
Six																			
Seven																			
Eight																			
Nine																			
Ten																			
Eleven																			
Twelve																			
Total	387	40	40	0	40	0	3	3	0	3	0	0	0	0					
Percentage				0.0%		0.0%			0.0%		0.0%			0.0%					

**MASTERY SCHOOLS OF CAMDEN, INC.
 ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL
 FOR YEAR ENDED JUNE 30, 2015**

ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2015

	<u>1</u>		<u>2</u>	<u>2a.</u>	<u>2b.</u>	<u>3</u>	<u>3a.</u>								
	Submission to	Sample													
	District reported	Reported on	Verified signed	Verified #		Special Ed/	Verified	Verified # days		Low	Verified				
Grades	On Roll	workpapers	registration forms	Errors	days enrolled	Errors	Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors	
Kindergarten	95	11	11	0	11	0	1	1	0	1	0	0	0	0	0
One	74	3	3	0	3	0	0	0	0	0	0	0	0	0	0
Two	89	6	6	0	6	0	1	1	0	1	0	0	0	0	0
Three	88	5	5	0	5	0	0	0	0	0	0	0	0	0	0
Four	59	5	5	0	5	0	1	1	0	1	0	0	0	0	0
Five	65	10	10	0	10	0	0	0	0	0	0	0	0	0	0
Six															
Seven															
Eight															
Nine															
Ten															
Eleven															
Twelve															
Total	470	40	40	0	40	0	3	3	0	3	0	0	0	0	0
Percentage				0.0%		0.0%			0.0%		0.0%			0.0%	

MASTERY SCHOOLS OF CAMDEN, INC.
EXCESS SURPLUS CALCULATION
JUNE 30, 2015

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 7,319,606 (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	- (B2a)
Assets Acquired Under Capital Leases	(147,562) (B2b)
	<hr/>
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	7,172,044 (B3)
2% of Adjusted 2014-15 General Fund Expenditures	
[(B3) times .02]	143,441 (B4)
Enter Greater of (B4) or \$250,000	250,000 (B5)
Increased by: Allowable Adjustment *	- (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 250,000 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2015	
(Per CAFR Budgetary Comparison Schedule C-1)	40,863 (C)
Decreased by:	
Year-end Encumbrances	- (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	- (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures **	- (C3)
Other Restricted Fund Balances ****	- (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	- (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 40,863 (U1)</u>