

KIPP: COOPER NORCROSS, INC.

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2019**

KIPP: COOPER NORCROSS, INC.

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June 30, 2019

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Independent Auditor's Report

To the Board of Trustees of
KIPP: Cooper Norcross, Inc.:

Report on the Financial Statements

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 KIPP: Cooper Norcross, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2019, and have issued our report thereon dated November 20, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings as results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of KIPP: Cooper Norcross, Inc.'s management, Board of Trustees and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.

Alexander, Crossen, Pinning & Co., P.C.
Westborough, Massachusetts
November 20, 2019

Matthew T. McGinnis, C.P.A.
Public School Accountant
PSA #20CC04260100

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 in Exhibit J-20, Insurance Schedule contained in the Renaissance School's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>
Steve Small	Chief Financial Officer

There is a Public Employee's Faithful Performance Blanket Position Bond Policy covering all other employees with multiple coverage of \$25,000.

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$3,000,000.

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 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 designee in the Renaissance School and were certified by the President of the Board of Trustees and the School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2019, for proper classification of orders for accounts payable. No discrepancies were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A23A-23A-16(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. 6A23A-8.3*. As a result of the procedures performed, no transaction error rate was noted.

SCHOOL PURCHASING PROGRAMS

Board and Board Secretary's Records

Our review of the financial and accounting records maintained by the Board secretary did not disclose any new exceptions during the year.

Our review of the records of the Treasurer did not disclose any new exceptions during the year.

Student Body Activities

Our review of the student activities funds did not disclose any new exceptions during the year.

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Our audit procedures included test of information reported on the October 15, 2018, and the last day of school for on-roll, special education, English Language Learners (ELL) and low income. We also performed a review of the Renaissance School procedures related to its completion. The Renaissance School maintained adequate written procedures for the recording of student enrollment data. The results of our procedures are presented in the Schedule of Audit Enrollments. No exceptions noted.

Teacher's Pension and Annuity Fund (TPAF) Reimbursement to the State for Federal Salary Expenditures

As of June 30, 2019, the Renaissance School has not been approved to be included in the TPAF. This is not applicable for fiscal year 2019.

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

The E.S.E.A. 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. No exceptions noted.

Other Special Federal and/or State Projects

The Renaissance School's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) located in the CAFR.

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.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

The Renaissance School 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.

The Renaissance School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of the prior year findings. No recommendations were reported in the prior year.

ACKNOWLEDGEMENT

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

Matthew T. McGinnis, CPA

KIPP: Cooper Norcross, Inc.

Audit Synopsis Recommendations
June 30, 2019

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
Not applicable
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
Not applicable
6. Application for State and School Aid
None
7. Pupil Transportation
Not applicable
8. Facilities and Capital Assets
Not applicable
9. Miscellaneous
Not applicable
10. Status of Prior Year's Findings and Recommendations
Not applicable

**KIPP: COOPER NORCROSS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2018**

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Verified # days enrolled		Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided		Errors	Low Income	Verified documentation
Kindergarten	117	59	59	0	59	0	4	4	0	4	0	116	116	0
One	117	59	59	0	59	0	6	6	0	6	0	117	117	0
Two	121	61	61	0	61	0	14	14	0	14	0	113	113	0
Three	113	57	57	0	57	0	23	23	0	23	0	113	113	0
Four	154	77	77	0	77	0	28	28	0	28	0	136	136	0
Five	159	80	80	0	80	0	39	39	0	39	0	159	159	0
Six	240	120	120	0	120	0	39	39	0	39	0	196	196	0
Seven	238	119	119	0	119	0	50	50	0	50	0	226	226	0
Eight	98	49	49	0	49	0	43	43	0	43	0	98	98	0
Total	1357	681	681	0	681	0	246	246	0	246	0	1274	1274	0
Percentage				0%		0%			0%		0%			0%

KIPP: COOPER NORCROSS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	127	64	64	0	64	0	7	7	0	7	0	116	116	0
One	113	57	57	0	57	0	13	13	0	13	0	117	117	0
Two	122	61	61	0	61	0	25	25	0	25	0	113	113	0
Three	112	56	56	0	56	0	22	22	0	22	0	113	113	0
Four	150	75	75	0	75	0	32	32	0	32	0	136	136	0
Five	163	82	82	0	82	0	37	37	0	37	0	168	168	0
Six	230	115	115	0	115	0	59	59	0	59	0	196	196	0
Seven	238	119	119	0	119	0	49	49	0	49	0	226	226	0
Eight	95	48	48	0	48	0	19	19	0	19	0	98	98	0
Total	1350	677	677	0	677	0	263	263	0	263	0	1283	1283	0
Percentage				0%		0%			0%		0%			0%

KIPP: COOPER NORCROSS, INC.
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular Rate)	Paid	4,572	4,572	4,572	0	0.36	0.00
National School Lunch (Regular Rate)	Reduced	0	0	0	0	2.965	0.00
National School Lunch (Regular Rate)	Free	217,382	217,382	217,382	0	3.365	0.00
	TOTAL	221,954	221,954	221,954			0.00
School Breakfast (Regular Rate)	Paid	3,859	3,859	3,859	0	0.31	0.00
	Reduced	0	0	0	0	1.49	0.00
	Free	183,586	183,586	183,586	0	1.79	0.00
	TOTAL	187,445	187,445	187,445			0.00

KIPP: COOPER NORCROSS, INC.

Excess Surplus Calculation
June 30, 2019

EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-	\$ <u>21,756,736</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>2,539,843</u> (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	\$ _____ - (B2b)
Adjusted 2018-19 General Fund Expenditures [(B)+(B1a)]	\$ <u>24,296,579</u> (B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>485,932</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>485,932</u> (B4)
Increased by: Allowable Adjustment	\$ _____ (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>485,932</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>6,242,326</u> (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	\$ <u>245,339</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>5,996,987</u> (U1)

KIPP: COOPER NORCROSS, INC.

Excess Surplus Calculation
June 30, 2019

EXCESS SURPLUS CALCULATION (Continued)

SECTION 2

Restricted Fund Balance – Excess Surplus [(U1)-(M)] \$ 5,511,055 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ - (C3)
Reserved Excess Surplus [(E)]	<u>\$ 5,511,055</u> (E)
Total Excess Surplus [(C3) + (E)]	<u>\$ 5,511,055</u>