

CAMDEN PREP, INC.

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

CAMDEN PREP, INC.

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June 30, 2019

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50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Board of Trustees of
Camden Prep, 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 Camden Prep, Inc., in the County of Camden, as of and for the year ended June 30, 2019, and have issued our report thereon dated December 18, 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 Camden Prep, 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, Brown, Fenning & Co., P.C.

Westborough, Massachusetts
December 18, 2019

John R. Buckley, C.P.A.
Public School Accountant
PSA #20CS00271800

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 CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>
Sandra Franco	Director of Accounting

There is a Fidelity bond in the name of a related party, Uncommon Schools, Inc., which extends to the Renaissance School in the amount of \$1,000,000.

Tuition Charges

A review of financial statements indicated that the Renaissance School charged no tuition for any student attending the Renaissance School.

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.

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, 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.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Travel

The Renaissance School 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*.

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 Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

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.

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.

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Our audit procedures included tests of information reported on the October 15, 2018, and the last day of school for on-roll, special education, bilingual and low income. We also performed a review of the School's procedures related to its completion.

Finding 2019-01

Our audit of the enrollment counts noted the following exceptions:

- A number of students were missing valid verification and documentation in which the school was unable to locate and resubmit valid documents to the district. These invalid documents included missing signatures and incorrect dates, as well as instances in which the student's residency had rendered them ineligible for funding. These discrepancies resulted in an audit adjustment of \$473,176 as the district deemed these billings to be unallowable.

Recommendation:

We recommend that enrollment counts procedures should be thoroughly reviewed to ensure that all requirements are met.

Management Response:

Efforts will be made to review and reconcile the information following the manual updates in NJ Smart portal prior to the close of the system.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

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

Our audit procedures included a test and review of the calculation of the TPAF reimbursement for the current fiscal year. As of June 30, 2019, the Renaissance School has not been approved to be included in the TPAF. As stated by N.J.S.A. 18A:66-90, the Renaissance 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 Renaissance School is approved.

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. 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 Exhibit E-1 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.

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of the prior year findings.

Finding 2018-01

Our audit procedures included tests of information reported on the October 15, 2017, and the last day of school for on-roll, special education, bilingual and low income. During our testing of 100% of the students classified as Limited English Proficient (LEP), two students did not have a formal assessment, accepted by the New Jersey Department of Education, rather, these students had an internal assessment performed by the Renaissance School.

Management ensured all students have an assessment completed that is accepted by the New Jersey Department of Education.

Finding 2018-02

The Charter School could not provide evidence that the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

The Renaissance School maintained evidence for testing of lead in water in accordance with N.J.A.C. 6A:26-1.2 and 12.4, during fiscal year 2019.

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.

John R. Buckley, CPA

CAMDEN PREP, 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	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	188	94	94	0	94	0	23	23	0	23	0	133	133	0
One	198	99	99	0	99	0	23	23	0	23	0	174	174	0
Two	152	76	76	0	76	0	17	17	0	17	0	122	122	0
Three	131	66	66	0	66	0	28	28	0	28	0	117	117	0
Four	111	56	56	0	56	0	15	15	0	15	0	95	95	0
Five	64	32	32	0	32	0	9	9	0	9	0	62	62	0
Six	73	37	37	0	37	0	22	22	0	22	0	70	70	0
Seven	51	26	26	0	26	0	10	10	0	10	0	49	49	0
Total	968	486	486	0	486	0	147	147	0	147	0	822	822	0
Percentage				0%		0%			0%		0%			0%

CAMDEN PREP, 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	149	75	75	0	75	0	25	25	0	25	0	139	139	0	
One	164	82	82	0	82	0	23	23	0	23	0	157	157	0	
Two	124	62	62	0	62	0	18	18	0	18	0	113	113	0	
Three	102	51	51	0	51	0	26	26	0	26	0	102	102	0	
Four	91	46	46	0	46	0	15	15	0	15	0	88	88	0	
Five	60	30	30	0	30	0	11	11	0	11	0	57	57	0	
Six	65	33	33	0	33	0	19	19	0	19	0	64	64	0	
Seven	48	24	24	0	24	0	11	11	0	11	0	46	46	0	
Total	803	403	403	0	403	0	148	148	0	148	0	766	766	0	
Percentage				0%		0%			0%		0%			0%	

CAMDEN PREP, INC.

Audit Summary Recommendations
June 30, 2019

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
Not applicable
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
None
10. Status of Prior Year's Findings and Recommendations

Management ensured all students have an assessment completed that is accepted by the New Jersey Department of Education.

The Renaissance School maintained evidence for testing of lead in water in accordance with N.J.A.C. 6A:26-1.2 and 12.4.

CAMDEN PREP, 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-1	\$ <u>12,234,210</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	\$ 191,914 (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)

Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)] \$ 12,085,644 (B3)

2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>241,713</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u> (B4)
Increased by: Allowable Adjustment	\$ _____ (K)

Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] \$ 250,000 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,692,925</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	\$ _____ (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>1,692,925</u> (U1)

CAMDEN PREP, INC.

Excess Surplus Calculation
June 30, 2019

EXCESS SURPLUS CALCULATION (Continued)

SECTION 2

Restricted Fund Balance – Excess Surplus [(U1)-(M)] \$ 1,675,925 (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>1,675,925</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>1,675,925</u>