

MASTERY SCHOOLS OF CAMDEN, INC.
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE, AND PERFORMANCE
YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**MASTERY SCHOOLS OF CAMDEN, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
ADMINISTRATIVE FINDINGS — FINANCIAL, COMPLIANCE, AND PERFORMANCE	
SCOPE OF AUDIT	2
ADMINISTRATIVE PRACTICES AND PROCEDURES	
INSURANCE	2
OFFICIAL BONDS	2
FINANCIAL PLANNING, ACCOUNTING, AND REPORTING	
EXAMINATION OF CLAIMS	2
PAYROLL ACCOUNT	2
ACCOUNTS PAYABLE	3
TRAVEL	3
CLASSIFICATION OF EXPENDITURES	3
GENERAL CLASSIFICATIONS	3
ADMINISTRATIVE CLASSIFICATIONS	3
BOARD AND BOARD SECRETARY'S RECORDS	3
TREASURER'S RECORDS	3
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	3
OTHER SPECIAL FEDERAL AND/OR STATE PROJECTS	3
I.D.E.A. PART B	3
TPAF REIMBURSEMENT	4
NONPUBLIC STATE AID	4
SCHOOL PURCHASING PROGRAMS	4

**MASTERY SCHOOLS OF CAMDEN, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

SCHOOL FOOD SERVICE	4
STUDENT BODY ACTIVITIES	4
ENROLLMENT COUNTS AND RELATED SUBMISSIONS	
RENAISSANCE SCHOOL PROJECT ENROLLMENT COUNTS	4
MISCELLANEOUS	4
FOLLOW-UP ON PRIOR YEAR FINDINGS	4
ACKNOWLEDGMENT	4
SCHEDULE OF AUDITED ENROLLMENTS	5
EXCESS SURPLUS CALCULATION	7
AUDIT RECOMMENDATIONS SUMMARY	10



INDEPENDENT AUDITORS' REPORT

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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Board of Trustees of the Mastery Schools of Camden, Inc. in the County of Camden (the Schools) for the year ended June 30, 2023, and have issued our report thereon dated October 30, 2023.

The Audit Program related to *Financial Accounting for New Jersey School Districts, Charter Schools and Renaissance School Projects*, promulgated by the *State of New Jersey, Department of Education, Office of School Finance (the Audit Program)*, contains the following categories of compliance to be tested: fire insurance coverage, examination of claims, payroll, accounts payable, travel, classification of expenditures, board and board secretary's records, treasurer's records, other special federal and/or state projects, TPAF reimbursement, enrollment counts and related submissions, as well as a follow-up to prior year findings (if applicable). Our study included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Schools failed to comply with the provisions of *the Audit Program*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Schools' noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of *the Audit Program* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Mastery Schools of Camden, Inc. Board of Trustees, management, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 30, 2023

A handwritten signature in cursive script that reads "Daniel B. Sefick".

Daniel Sefick, CPA, Principal
Public School Accountant
PSA #20CS00277900

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-20, Insurance Schedule contained in the school district or charter school or renaissance school project ACFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Christopher W. Barts	School Business Administrator	\$ 500,000
Michael Patron	Board Secretary	\$ 500,000

P.L.2020,c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the renaissance school project.

The renaissance school project data certification was completed by the chief school administrator. The renaissance school project Chapter 44 data was submitted timely.

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 0% 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 did not disclose any new exceptions during the current year.

Treasurer's Records

Not Applicable.

Elementary and Secondary Education Act 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 ACFR. This section of the ACFR 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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

I.D.E.A. Part B

Not Applicable.

PERS Pension Plan and TPAF Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the renaissance school project employees who are members of the Teachers Pension and Annuity Fund. In addition, our audit procedures included a test of the PERS employees and current year contributions submitted to the New Jersey Division of Pensions and Benefits for the renaissance school project employees who are members of the New Jersey Public Employees' Retirement System.

No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

Not Applicable.

Nonpublic State Aid

Not Applicable.

School Purchasing Programs

Not Applicable.

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 review of enrollment information for all active students during July 1, 2022 through June 30, 2023 for on-roll, special education, bilingual and low-income based on enrollment as of October 15 and the last day of the school year. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our review of the enrollment counts and related submission did not disclose any exceptions during the current year.

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.
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT COUNT AS OF OCTOBER 15, 2022
YEAR ENDED JUNE 30, 2023**

ENROLLMENT COUNT AS OF OCTOBER 15, 2022

<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	Verification		Verified signed		Verified #		Special Ed/		Verified		Verified # days		Low		Verified			
Grades	On Roll	workpapers	Errors	required 10/15/22	registration forms	Errors	days enrolled	Errors	Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors			
Kindergarten	204	102	0	102	102	0	102	0	58	29	0	29	0	200	100	0			
One	237	119	0	119	119	0	119	0	67	34	0	34	0	226	113	0			
Two	218	109	0	109	109	0	109	0	61	31	0	31	0	209	105	0			
Three	237	119	0	119	119	0	119	0	76	38	0	38	0	227	114	0			
Four	233	117	0	117	117	0	117	0	101	51	0	51	0	224	112	0			
Five	230	115	0	115	115	0	115	0	81	41	0	41	0	224	112	0			
Six	242	121	0	121	121	0	121	0	88	44	0	44	0	234	117	0			
Seven	246	123	0	123	123	0	123	0	100	50	0	50	0	238	119	0			
Eight	244	122	0	122	122	0	122	0	86	43	0	43	0	241	121	0			
Nine	228	114	0	114	114	0	114	0	95	48	0	48	0	220	110	0			
Ten	191	96	0	96	96	0	96	0	73	37	0	37	0	186	93	0			
Eleven	169	85	0	85	85	0	85	0	57	29	0	29	0	167	84	0			
Twelve	192	96	0	96	96	0	96	0	65	33	0	33	0	188	94	0			
Total	2871	1438	0	1438	1438	0	1438	0	1008	508	0	508	0	2784	1394	0			
Percentage						0.0%		0.0%			0.0%		0.0%			0.0%			

**MASTERY SCHOOLS OF CAMDEN, INC.
SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL
YEAR ENDED JUNE 30, 2023**

ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2023

<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	Verification		Verified signed		Verified #		Special Ed/		Verified		Verified # days		Low		Verified	
Grades	On Roll	workpapers	Errors	required 6/30/23	registration forms	Errors	days enrolled	Errors	Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors	
Kindergarten	213	107	0	107	107	0	107	0	56	28	0	28	0	197	99	0	
One	234	117	0	117	117	0	117	0	67	34	0	34	0	219	110	0	
Two	219	110	0	110	110	0	110	0	63	32	0	32	0	203	102	0	
Three	237	119	0	119	119	0	119	0	76	38	0	38	0	221	111	0	
Four	232	116	0	116	116	0	116	0	99	50	0	50	0	221	111	0	
Five	223	112	0	112	112	0	112	0	78	39	0	39	0	210	105	0	
Six	238	119	0	119	119	0	119	0	88	44	0	44	0	223	112	0	
Seven	227	114	0	114	114	0	114	0	93	47	0	47	0	219	110	0	
Eight	249	125	0	125	125	0	125	0	87	44	0	44	0	240	120	0	
Nine	222	111	0	111	111	0	111	0	87	44	0	44	0	207	104	0	
Ten	183	92	0	92	92	0	92	0	67	34	0	34	0	171	86	0	
Eleven	165	83	0	83	83	0	83	0	54	27	0	27	0	153	77	0	
Twelve	191	96	0	96	96	0	96	0	55	28	0	28	0	171	86	0	
Total	2833	1421	0	1421	1421	0	1421	0	970	489	0	489	0	2655	1335	0	
Percentage						0.0%		0.0%			0.0%		0.0%			0.0%	

**MASTERY SCHOOLS OF CAMDEN, INC.
EXCESS SURPLUS CALCULATION
JUNE 30, 2023**

A. 2% Calculation of Excess Surplus

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 61,104,969	(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	<u>(110,679)</u>	(B2b)

Adjusted 2022-23 General Fund Expenditures [(B)+(B1s)-(B2s)]	60,994,290	(B3)
--	------------	------

2% of Adjusted 2022-23 General Fund Expenditures

[(B3) times .04]	1,219,886	(B4)
Enter Greater of (B4) or \$250,000	1,219,886	(B5)
Increased by: Allowable Adjustment *	-	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 1,219,886</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2023

(Per ACFR Budgetary Comparison Schedule C-1)	\$ 24,599,230	(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 ****	23,725,000	(C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	<u>199,140</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 675,090</u>	(U1)

**MASTERY SCHOOLS OF CAMDEN, INC.
EXCESS SURPLUS CALCULATION (CONTINUED)
JUNE 30, 2023**

SECTION 3 - ONLY REQUIRED IF SECTION 2 IS GREATER THAN SECTION 1

Restricted Fund Balance – Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ - (E)

Recapitulation of Excess Surplus as of June 30, 2023

Reserved Excess Surplus – Designated for Subsequent Year's

Expenditures **		- (C3)
Reserved Excess Surplus ***[(E)]		- (E)
Total Excess Surplus [(C3) + (E)]		\$ - (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, 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.

(J5) Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023.

Detail of Allowable Adjustments

Impact Aid		\$ - (H)
Sale & Lease-back		- (I)
Extraordinary Aid		- (J1)
Additional Nonpublic School Transportation Aid		- (J2)
Current Year School Bus Advertising Revenue Recognized		- (J3)
Family Crisis Transportation Aid		- (J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023		- (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]		\$ - (K)

** This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2023 ACFR 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 prior to September 30.

**MASTERY SCHOOLS OF CAMDEN, INC.
EXCESS SURPLUS CALCULATION (CONTINUED)
JUNE 30, 2023**

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	-
Sale/lease-back reserve		-
Capital reserve		1,500,000
Maintenance reserve		300,000
Emergency reserve		8,000,000
Strategic project reserve		12,750,000
Pension reserve		1,175,000
School Bus Advertising 50% Fuel Offset Reserve – current year		-
School Bus Advertising 50% Fuel Offset Reserve – prior year		-
Impact Aid General Fund Reserve (Sections 8002 and 8003)		-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)		-
Other state/government mandated reserve		-
Reserve for Unemployment Fund		-
[Other Restricted Fund Balance not noted above]****		-
		<hr/>
Total Other Restricted Fund Balance	\$	<u>23,725,000</u> (C4)

**MASTERY SCHOOLS OF CAMDEN, INC.
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2023**

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations
None