



WithumSmith+Brown
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PRINCETON CHARTER SCHOOL
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS – FINANCIAL,
COMPLIANCE AND PERFORMANCE
JUNE 30, 2013

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Independent Auditors' Report

To the Board of Trustees,
Princeton Charter School:

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 financial statements of the Princeton Charter School for the year ended June 30, 2013, and have issued our report thereon dated November 13, 2013.

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 letter does not affect our report dated November 13, 2013, on the financial statements of the School.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Princeton Charter School's Board of Trustees, the management, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

November 13, 2013
New Brunswick, NJ

WithumSmith+Brown, PC

James J. Decker
Licensed Public School Accountant #2502
Certified Public Accountant

**PRINCETON CHARTER SCHOOL
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2013**

Scope of Audit

The audit covered the financial transactions of the 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

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School's CAFR.

Officials in Office and Surety Bonds

Name	Position	Coverage
Diane Potorski	Business Administrator	\$ 175,000

WS+B determined that the surety bond coverage was continuous and adequate for fiscal year 2013.

Tuition Charges

The School charged no tuition for any student attending the charter school and all proceeds for a before / after school program were accounted for in an Enterprise Fund.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of employees of the School were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholding due to the general fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, 2013, for proper classification of orders as reserve for encumbrances and accounts payable.

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 single audit testing procedures. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Business Administrator Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Business Administrator's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

**PRINCETON CHARTER SCHOOL
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2013**

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 (N.C.L.B.)

The E.S.E.A / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the School’s CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for charter school employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 currently \$17,500.

The Board of Trustees 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 Attorney’s opinion should be sought before a commitment is made.

Based on the results of our examination, 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-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 reviewed. The financial accounts, meal count records, and eligibility applications were reviewed on a test-check basis.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis.

Cash receipts and bank records were reviewed for timely deposit and no exceptions were noted.

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 Fund. Net cash resources did not exceed three months average expenditures.

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.

**PRINCETON CHARTER SCHOOL
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2013**

Applications for free and reduced meals were reviewed for completeness and accuracy. The number of free and reduced meals claimed as served was compared to the number of valid applications on file, times the number of operating days. The required verification procedures for free and reduced applications were completed and available for review.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Enterprise Funds", Section G of the CAFR.

Enrollment Counts and Submission to the Department

Our audit procedures included a test of information reported on the enrollment count reports for October 15 and the last day of school for on-roll, special education, bilingual and low-income students. The School maintained written procedures that appear to be adequate for the recording of student enrollment data. The information on the enrollment reports were compared to the School's workpapers and the results of our procedures are presented in the Schedule of Audited Enrollments.

Status of Prior Year's Findings/Recommendations

Not applicable. There were no findings noted in the prior year.

Acknowledgement

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

**PRINCETON CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
FISCAL YEAR ENDED JUNE 30, 2013**

Enrollment as of October, 2012													
Grades	Submission to DOE reported on Roll	Errors	Sample Selected	Verified signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed and/or Bilingual	Verified Documentation	Errors	Low Income	Verified Documentation	Errors
Kindergarten	19	--	10	10	--	10	--	--	--	--	--	--	--
One	21	--	11	11	--	11	--	--	--	--	--	--	--
Two	22	--	11	11	--	11	--	1	1	--	--	--	--
Three	46	--	23	23	--	23	--	2	3	--	1	1	--
Four	48	--	24	24	--	24	--	2	2	--	--	--	--
Five	48	--	24	24	--	24	--	3	3	--	--	--	--
Six	48	--	24	24	--	24	--	2	1	--	1	1	--
Seven	48	--	24	24	--	24	--	--	--	--	3	3	--
Eight	45	--	23	23	--	23	--	1	1	--	--	--	--
Tier II													
Tier III													
Totals	345	--	172	172	--	172	--	11	11	--	5	5	--
Percentage Error		0.0%			0.0%		0.0%			0.0%			0.0%
Enrollment as of June, 2013													
Grades	Submission to DOE reported on Roll	Errors	Sample Selected	Verified signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed and/or Bilingual	Verified Documentation	Errors	Low Income	Verified Documentation	Errors
Kindergarten	19	--	10	10	--	10	--	--	--	--	--	--	--
One	21	--	11	11	--	11	--	--	--	--	--	--	--
Two	22	--	11	11	--	11	--	1	1	--	--	--	--
Three	46	--	23	23	--	23	--	2	2	--	1	1	--
Four	48	--	24	24	--	24	--	2	2	--	--	--	--
Five	48	--	24	24	--	24	--	3	3	--	1	1	--
Six	48	--	24	24	--	24	--	2	2	--	1	1	--
Seven	48	--	24	24	--	24	--	--	--	--	3	3	--
Eight	44	--	22	22	--	22	--	1	1	--	--	--	--
Tier II													
Tier III													
Totals	344	--	172	172	--	172	--	11	11	--	6	6	--
Percentage Error		0.0%			0.0%		0.0%			0.0%			0.0%

**PRINCETON CHARTER SCHOOL
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2013**

It is recommended that:

1. Status of Prior Year's Findings/Recommendations

Not applicable. There were no findings noted in the prior year.