

**ROSEVILLE COMMUNITY
CHARTER SCHOOL
AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE FISCAL PERIOD ENDED JUNE 30, 2015**

**XI. AUDITORS MANAGEMENT REPORT ON ADMINISTRATION FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

The Honorable Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

I have audited, in accordance with generally accepted auditing 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 Roseville Community Charter School, in the County of Hudson for the period ended June 30, 2015 and have issued my report thereon dated November 13, 2015.

As part of my audit, I 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 Roseville Community Charter School Board of Trustees' management and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.



Scott J. Loeffler
Licensed Public School Accountant No. 870

November 13, 2015

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

GENERAL COMMENTS

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 Trustee's, and the records of the various funds under the auspices of the Board of Trustee's.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

NJ.S.A. 18A: 18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website <http://www.state.nj.us/njded/pscl/index.html>.

Bid thresholds in accordance with NJ.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 NJ.S.A. 18A:39-3 is currently \$18,300.

The charter school 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 solicitor's opinion should be sought before a commitment is made.

Based on the results of my examination, I 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 NJ.S.A. 18A: 18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJ.S.A. 18A:18A-5. My review of the contracts and agreements found that the school was in compliance as to bid advertisements and awards.

Insurance

Insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule, as contained in the Charter School's CAFR

Examination and Payment of Claims

An examination of claims paid during the period under review did indicate several discrepancies with respect to signatures, certification and documentation.

Recommendation

It is recommended that the formal purchase order and certification system be utilized and certifications and supporting documentation be obtained.

Payroll and Payroll Agency Accounts

The net salaries of all employees of the School were deposited in the Payroll Account. Employees payroll deductions and employees share of fringe benefits were deposited in the Payroll Agency Account.

Salary withholdings were promptly remitted to the proper agencies, including health benefit premiums withholding due to the general fund.

All payrolls were approved by the President of the Board.

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, Liability (Current) for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2015 for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30, 2015. No exceptions were noted.

T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the Roseville Community Charter School employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Food Service

The financial transactions and statistical records of the School Food Services Fund were maintained in satisfactory condition. The financial accounts, meal count record and eligibility applications were reviewed on a test-check basis. The number of meals claimed for reimbursement was verified against meal count records. There were no modifications noted. Reimbursement vouchers were properly computed and timely filed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed did not exceed the number of valid applications on file times the number of operating days. The free and reduced priced meal policy is uniformly administered throughout the school. The required verification procedures for free and reduced price applications were available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the costs of food and supplies used.

The school utilized an outside service to prepare and serve the meals. The outside service was paid based upon a per diem rate.

The cash disbursement records reflected expenditures for program related goods and services. The The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service. Net cash resources did not exceed three months average expenditures. (See Exhibit G-1). Exhibits reflecting Child Nutrition Operations are included in Section G of the Audit.

Board Secretary's Records

The records of the school were maintained in satisfactory condition.

Treasurer's Records

The records of the school were maintained in satisfactory condition.

Enrollment Counts and Submissions to the Department

My audit procedures included a test for information reported on October 15, 2014, and the last day of school for on-roll, special education, bilingual and low-income. Exceptions were noted.

The Charter School maintained work papers on the prescribed state forms or their equivalent. In addition, the Charter School maintained written procedures that appear to be adequate for the recording of student enrollment data.

Findings

It was noted several students were claimed on the Charter School enrollment report for varying amount of time ranging from 10-29 days, but did not attend school during the year. It was also noted two students had attended from 21 and 35 days at the beginning of the School year were not claimed on the Charter School enrollment report.

It was noted that the 10-15-14 Charter School enrollment report contained many errors regarding student classification regarding free, reduced and paid meals.

Recommendation

The School should review the Charter School enrollment report for accuracy for all categories before it is submitted to the NJ DOE.

The overall enrollment count was not materially affected.

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 and other special Federal and/or State projects

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.

The study of compliance for E.S.E.A. indicated no following areas of compliance and/or questionable costs.

Other Special Federal and/or State Projects

The school's other Special and/or State Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

My 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.

Finding

I noted that the expenditures for the IDEA and NCLB Programs were designated as program expenditures; however, they were not timely posted to the Special Revenue Program. In addition, the funding was not requested until the expenditures were charged to the Special Revenue Program.

Recommendation

It is recommended that the school timely post expenditures to the Special Revenue Program as the expenditures are incurred.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the *N.J.A.C. 6A:23-2.2(f)* and line item details as described in the Budget Summary Key as part of my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my 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.

Follow-up on Prior Year Findings

Not applicable - no prior year recommendations.

ACKNOWLEDGEMENT

I received the complete cooperation of all the officials of the school and I greatly appreciate the courtesies extended to me.

Respectfully submitted,

A handwritten signature in black ink that reads "Scott J. Loeffler" with a stylized flourish at the end.

Scott J. Loeffler
Licensed Public School Accountant No. 870

ROSEVILLE COMMUNITY CHARTER SCHOOL
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND OVER/UNDER CLAIM
 June 30, 2015

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>POTENTIAL OVER-UNDER CLAIM</u>
NATIONAL SCHOOL LUNCH (HIGH RATE)	FREE	36,057	36,057	36,057	0	3.055	0
	REDUCED	3,629	3,629	3,629	0	2.655	0
	PAID	3,223	3,223	3,223	0	0.034	0
TOTALS		<u>42,909</u>	<u>42,909</u>	<u>42,909</u>	<u>0</u>		<u>0</u>

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>POTENTIAL OVER-UNDER CLAIM</u>
SCHOOL BREAKFAST (SEVERE NEEDS)	FREE	21,855	21,855	21,855	0	1.93	0
	REDUCED	2,094	2,094	2,094	0	1.63	0
	PAID	1,386	1,386	1,386	0	0.28	0
TOTALS		<u>25,335</u>	<u>25,335</u>	<u>25,335</u>	<u>0</u>		<u>0</u>

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>POTENTIAL OVER-UNDER CLAIM</u>
AFTER SCHOOL SNACKS N/A	FREE	759	759	759	0	0.82	0
	REDUCED	0	0	0	0	0.40	0
	PAID	0	0	0	0	0.07	0
TOTALS		<u>759</u>	<u>759</u>	<u>759</u>	<u>0</u>		<u>0</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2014

SCHEDULE OF AUDITED ENROLLMENTS

SAMPLE

GRADES	SUBMISSION TO DOE REPORTED ON ROLL	REPORTED ON WORK PAPERS	VERIFIED SIGNED REG FORMS	ERR	VERIFIED # OF DAYS ENROLLED	ERR	(INCLUDED IN COLUMN 1) SPECIAL ED & OR BILINGUAL	VERIFIED DOCUMEN- TATION	ERR	VERIFIED # OF DAYS SERVICE PROVIDED	ERR	LOW INCOME	VERIFIED DOCUMEN- TATION	ERR
KINDERGARTEN	66	33	33	0	33	0	2	2	0	2	0	31	31	0
ONE	66	33	33	0	33	0	2	2	0	2	0	30	30	0
SECOND	87	44	44	0	44	0	3	3	0	3	0	40	40	0
THIRD	39	20	20	0	20	0	0	0	0	0	0	19	19	0
TOTAL	258	130	130	0	130	0	7	7	0	7	0	120	120	0
PERCENTAGE				0.00%		0.00%			0.00%		0.00%			0.00%

ROSEVILLE COMMUNITY CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL

SCHEDULE OF AUDITED ENROLLMENTS

SAMPLE

GRADES	SUBMISSION TO DOE REPORTED	REPORTED ON WORK PAPERS	VERIFIED SIGNED REG FORMS	ERR	VERIFIED # OF DAYS ENROLLED	ERR	(INCLUDED IN COLUMN 1) SPECIAL ED & OR BILINGUAL	VERIFIED DOCUMENTATION	ERR	VERIFIED # OF DAYS SERVICE PROVIDED	ERR	LOW INCOME	VERIFIED DOCUMENTATION	ERR
	ON ROLL													
KINDERGART	66	33	33	0	33	0	1	1	0	1	0	31	31	0
ONE	66	33	33	0	33	0	2	2	0	2	0	29	29	0
SECOND	87	44	44	0	44	0	2	2	0	2	0	40	40	0
THIRD	39	20	20	0	20	0	0	0	0	0	0	18	18	0
TOTAL	258	130	130	0	130	0	5	5	0	5	0	118	118	0
PERCENTAGE				0.00%		0.00%			0.00%		0.00%			0.00%

Roseville Community Charter School
NET CASH RESOURCE SCHEDULE
 Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE June 30, 2015

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	-
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	36,121
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(18,161)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	
		Net Cash Resources	<u><u>17,960</u></u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	199,200
B-5		Less Depreciation	-
		Adj. Tot. Oper. Exp.	<u><u>199,200</u></u> (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u><u>19,920</u></u> (C)
 <u>Three times monthly Average:</u>			
		3 X C	<u><u>59,760</u></u> (D)

TOTAL IN BOX A	\$	17,960.00	
LESS TOTAL IN BOX D	\$	59,760.00	
NET	\$	<u><u>(41,800.00)</u></u>	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form