

**GREAT FUTURES CHARTER HIGH SCHOOL FOR THE HEALTH SCIENCES**

**AUDITOR'S MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2016**

**INDEPENDENT AUDITORS' MANAGEMENT REPORT OF  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members of the Board of Trustees  
Great Futures Charter High School for the Health Sciences  
Jersey City, New Jersey

We have audited, in accordance with generally accepted audit 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 Great Futures Charter High School for the Health Sciences in the County of Hudson for the year ended June 30, 2016, and have issued our report thereon dated December 1, 2016.

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 report is intended for the information of the Great Futures Charter High for the Health Sciences School 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.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
Certified Public Accountants



ROBERT G. DORIA  
Certified Public Accountant  
Public School Accountant No. CS 00778

Bayonne, New Jersey  
December 1, 2016

**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 Charter School, and the records of the various funds under the auspices of the Charter School.

**ADMINISTRATIVE PRACTICES AND PROCEDURES**

**Insurance**

Insurance coverage was carried in the amounts as detailed on Exhibit J-20 Insurance Schedule contained in the District's CAFR.

**Official Bonds**

<b><u>NAME</u></b>	<b><u>POSITION</u></b>	<b><u>AMOUNT</u></b>
Dr. Brian Falkowski	Board Secretary/ School Business Administrator	\$135,000

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$5,000,000.

**Tuition Charges**

A review of the financial statements indicated that the charter school charged no tuition for any student attending the Charter 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.

**Payroll Accounts**

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

## **ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

All payrolls were approved by the designee in the Charter School and were certified by the President of the Board of Trustees, the School Business Administrator and the Principal/Director.

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

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and 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. 6A:23-16.2(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. 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, no transaction error rate was noted.

**A. General Classification Findings** - No findings were noted

**B. Administrative Classification Findings** –No findings were noted

### **Board Secretary's Records/Business Administrator**

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator did not disclose any findings.

### **Elementary and Secondary School 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 School Education Act as amended.

### **Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the K-Section of the CAFR.

Our audit of the state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project for which the project was approved.

## **ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

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.

### **T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district 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, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent). The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

The Board of Education 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.

The results of our examination indicated that no individual payments, contracts or agreements were 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 provisions of N.J.S.A. 18A: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. No exceptions were noted.

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

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

## **ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

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.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Food Distribution Program commodities were received and an inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B-4 through B-6 of the CAFR.

### **STUDENT BODY ACTIVITIES**

Our audit of the Student Activity Funds found them to be in the proper form and order.

### **ENROLLMENT COUNTS AND SUBMISSION TO THE DEPARTMENT**

Our audit procedures included a test of enrollment information reported on October 15, 2015 and the last day of school for on-roll, special education, bilingual and low-income. The Charter School's written procedures appear to be adequate for the recording of student enrollment data. No exceptions were noted.

### **FACILITIES AND CAPITAL ASSETS**

The Charter School did not have any active SDA projects.


### **FOLLOW-UP ON PRIOR YEAR FINDINGS**


In accordance with *Government Auditing Standards*, our procedures included a review of the prior year's recommendations. The prior year was audited by another auditor who was contacted but did not respond. Corrective action had been taken on the prior finding.

**ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**ACKNOWLEDGMENT**

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

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
Certified Public Accountants

  
ROBERT. G. DORIA  
Certified Public Accountant  
Public School Accountant No. CS 00778

Bayonne, New Jersey  
December 1, 2016



**Great Futures Charter High School for the Health Sciences  
Application for Charter School Aid  
Enrollment count as of October 15, 2015 and Last Day of School 2016**

**Schedule of Audited Enrollments October 15, 2016**

Grades	Submission to DOE Reported on roll	Reported on Workpapers	Sample for Verification	Verified Signed Registration Forms	Errors	Verified Number of Days Enrolled	Special Ed/Bilingual on roll	Reported on Workpapers	Sample for Verification	Verified Documentation	Errors	Verified # of Days Service Provided	Low Income as reported on Workpapers	Sample for Verification	Verified Documentation	Errors	
Ninth	130	130	13	13	-	*	21	21	14	24	-	24	-	50	32	32	-
Tenth	118	118	8	8	-	*	17	17	10	24	-	24	-	83	51	51	-
Eleventh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelfth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	248	248	21	21	-	-	38	38	24	48	-	48	-	133	83	83	-
	Percentage Error			<u>0.00%</u>						<u>0.00%</u>						<u>0.00%</u>	

**Schedule of Audited Enrollments Last Day of School 2016**

Grades	Submission to DOE Reported on roll	Reported on Workpapers	Sample for Verification	Verified Signed Registration Forms	Errors	Verified Number of Days Enrolled	Special Ed/Bilingual on roll	Reported on Workpapers	Sample for Verification	Verified Documentation	Errors	Verified # of Days Service Provided	Low Income as reported on Workpapers	Sample for Verification	Verified Documentation	Errors	
Ninth	117	117	117	117	-	*	18	18	7	14	(7)	14	-	45	18	18	-
Tenth	110	110	110	110	-	*	15	15	7	14	(7)	14	-	72	32	32	-
Eleventh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelfth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	227	227	227	227	-	-	33	33	14	28	(14)	28	-	117	50	50	-
	Percentage Error			<u>0.00%</u>						<u>0.00%</u>						<u>0.00%</u>	

For 2 students, there were files, however they did not appear to complete files, as there was little in them and there were no registration forms in the two files

\* The charter school uses Power School as their student information system. There was a system problem and at the time of the audit, Power School was attempting to restore all 2015-2016 attendance information. Auditor verified, on a test basis, that this was true.

**Great Futures Charter High School for the Health Sciences  
June 30, 2016**

**EXCESS SURPLUS CALCULATION**

**GREAT FUTURES CHARTER HIGH SCHOOL**

**SECTION 1**

A. 2% Calculation of Excess Surplus\*

2015 - 2016 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 2,666,091		(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	-		(B1c)
Decreased by:			
On-Behalf TPAF Pension & Social Security	38,838		(B2a)
Assets Acquired Under Capital Leases	0		(B2b)
Adjusted 2012-13 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 2,627,253		(B3)
2% of Adjusted 2012-13 General Fund Expenditures [(B3) times .06]*	52,545		(B4)
Enter Greater of (B4) or \$250,000	250,000		(B5)
Increased by: Allowable Adjustment			(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ 250,000	(M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 775,375		(C)
Decreased by:			
Reserved for Encumbrances	0		(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures			(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	0		(C3)
Other Reserved Fund Balances - Charter Escrow****	50,000		(C4)
Unreserved - Designated for Subsequent Year's Expenditures			(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ 725,375	(U1)

**SECTION 3**

Reserved Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ -		(E)
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**Recapitulation of Excess Surplus as of June 30, 2012**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ -		(C3)
Reserved Excess Surplus *** [(E)]	-		(E)
Total [(C3)+(E)]	\$ -		(D)

Footnotes:

**Detail of Allowable Adjustments**

Impact Aid	\$ -		(H)
Sale & Lease-back	\$ -		(I)
Extraordinary Aid	\$ -		(J1)
Additional Nonpublic School Transportation Aid	\$ -		(J2)
Total Adjustments [(H)+(I)+(J1)+(J2)]	\$ -		(K)

\*\* This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

\*\*\* Amounts must agree to the June 30, 2016 CAFR and must agree to Audit Summary Worksheet Line 10024.

\*\*\*\* Charter Schools are required to have \$75,000 in escrow by the fifth year of operation