

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**of the**

**Unity Charter School  
Morristown, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Tax ID Number 22-3493409

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Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

## Report of Independent Auditors

Honorable President and  
Members of the Board of Education  
Unity Charter School  
County of Morris, New Jersey

We 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 Education of the Unity Charter School in the County of Morris for the year ended June 30, 2016, and have issued our report thereon dated November 28, 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 Unity Charter School Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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Public School Accountant  
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Dated: November 28, 2016

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**Administrative Findings – Financial, Compliance and Performance**

**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

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Katine M. Slunt	Business Administrator/Board Secretary	\$131,000.00
Jon Rheinhardt	Treasurer of School Monies	\$131,000.00

Treasurer of School Monies was bonded in accordance with provisions of Title 18A:17-32 within the minimum limits of State Board promulgated schedules.

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any students 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

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, endorsement for receipt of materials, allocated to the proper accounts, charged to the proper fiscal period and in agreement with bill list set forth in the approved minutes of the Board.

The review and inquiry indicate good scrutiny on the part of the Board and Board Officials regarding expenditures.

## **Financial Planning, Accounting and Reporting (Continued)**

### Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and the Board's required payroll contributions were deposited in the Payroll agency Account.

All payrolls were approved by the Director and were certified by the President of the Board and the Business Administrator.

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 as of June 30 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:23-2.2 (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 no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### Board Secretary's Records

The prescribed contractual order system was followed.

All purchase orders tested were charged to the appropriate line accounts in accordance with the State prescribed Uniform Minimum Chart of Accounts (2R2) For New Jersey Public Schools.

Monthly certifications of line-item appropriations and fund status were filed in accordance with N.J.A.C. 6A:23-2.12 and Division of Finance Policy Bulletin 200-11.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

The school district's double entry system of accounting records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6A:23-2.1.

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Treasurer's Records**

The Treasurer performed cash reconciliations for the general operating account, payroll account and payroll agency account in accordance with N.J.S.A. 18A:17-36.

All cash receipts tested were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

### **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 CAFR.

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 amount claimed for reimbursement 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 April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, c. 440 (originally known as Assembly bill No. 35190). The associated rules were drafted by the Division of Local Government Services in the Department of Community Affairs, with consultation from the Commissioner of Education.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) and 18A:39-3 (Transportation) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000.00 (without a Qualified Purchasing Agent) and \$18,800.00 respectively.

In accordance with N.J.S.A. 18A:18A-3(a), the Board of Education has increased the bid threshold from \$36,000.00 to 40,000.00.

It is pointed out that the Board of Trustees has the responsibility of determining whether the commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Board attorney's opinion should be sought before commitment is made.

Inasmuch as the system of records is not required to provide and therefore did not provide for an accumulation of payments by categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. None were disclosed.

## **School Purchasing Programs (Continued)**

### **Contracts and Agreements Requiring Advertisement for Bids (Continued)**

The results of our examination indicated that no individual payments, contracts or agreements were made "for the provision or performance of any goods or services," in excess of the statutory limit where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records is not required to provide and therefore did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did not reveal any purchases were made through the use of State contracts.

### **Enterprise Funds**

During our review of the Food Service and After Care programs disclosed that the financial transactions and statistical records were maintained in satisfactory condition..

Exhibits reflecting the Food Service and After Care programs operations are included in the section entitled Proprietary Funds (Exhibits B-4, B-5 & B-6).

### **Student Activity/Fund Raising Accounts**

Cash receipts and disbursement records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

Payment authorizations were presented for audit and vendor invoices were available for examination.

The Board adopted a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices.

### **Charter School Enrollment System/Charter School Aid**

Our audit procedures included a test of enrollment information reported on October 15 and the last day of school for on-roll, special education, bilingual and low-income.

### **Status of Prior Years' Audit Findings/Recommendations**

Not Applicable

### **Acknowledgment**

We wish to express our appreciation for the assistance and courtesies extended to us by the charter school officials and employees during the course of our audit.

SCHEDULE OF MEAL COUNT ACTIVITY

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOT APPLICABLE**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch (Regular Rate)	Paid Reduced Free Total					
School Breakfast (Regular Rate)	Paid Reduced Free Total					
Special Milk	Paid Free Total					
Total net Overclaim						



UNITY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF OCTOBER 15, 2015

Grades	Submitted To DOE On Roll	Reported on Workpapers	Verified Signed Registration	Verified # of Days		Spec. Ed/ Bilingual	Verified Doc.	Errors	Low Income	Verified Doc.	Errors
				Enrolled	Errors						
Kindergarten	26	13	13	0	13	0	0	0	0	0	0
One	28	14	14	0	14	0	0	0	3	3	0
Two	27	13	13	0	13	3	3	0	3	3	0
Three	26	13	13	0	13	4	4	0	3	3	0
Four	27	14	14	0	14	3	3	0	4	4	0
Five	23	11	11	0	11	7	7	0	2	2	0
Six	22	11	11	0	11	7	7	0	2	2	0
Seven	19	10	10	0	10	5	5	0	1	1	0
Eight	21	11	11	0	11	11	11	0	3	3	0
Nine											
Ten											
Eleven											
Twelve											
<b>Totals</b>	219	110	110	0	110	40	40	0	24	24	0
<b>Percentage</b>				0.0%		0.0%		0.0%			0.0%

**UNITY CHARTER SCHOOL**  
**APPLICATION FOR CHARTER SCHOOL AID**  
**ENROLLMENT COUNT AS OF JUNE 3, 2016**

Grades	Submitted To DOE On Roll	Reported on Workpapers	Verified Signed Registration	Verified # of Days		Spec. Ed/ Bilingual	Verified Doc.	Errors	Low Income	Verified Doc.	Errors
				Enrolled	Enrolled						
Kindergarten	26	13	13	0	13	0	0	0	3	3	0
One	27	13	13	0	13	0	0	0	3	3	0
Two	27	14	14	0	14	3	3	0	3	3	0
Three	25	13	13	0	13	4	4	0	3	3	0
Four	27	13	13	0	13	3	3	0	4	4	0
Five	23	11	11	0	11	7	7	0	2	2	0
Six	23	12	12	0	12	7	7	0	2	2	0
Seven	20	10	10	0	10	5	5	0	1	1	0
Eight	21	11	11	0	11	11	11	0	3	3	0
Nine											
Ten											
Eleven											
Twelve											
<b>Totals</b>	<b>219</b>	<b>110</b>	<b>110</b>	<b>0</b>	<b>110</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>0</b>
<b>Percentage</b>				<b>0.0%</b>		<b>0.0%</b>		<b>0.0%</b>			<b>0.0%</b>