

***GOLDEN DOOR CHARTER SCHOOL
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2019***

Meshinsky & Associates LLC
Certified Public Accountants, Consultants & Independent Trustees

GOLDEN DOOR CHARTER SCHOOL

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

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MESHINSKY &
ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS,
CONSULTANTS & INDEPENDENT TRUSTEES

Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
Golden Door Charter School
County of Hudson, 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 Golden Door Charter School in the County of Hudson for the year ended June 30, 2019, and have issued our report thereon dated December 17, 2019.

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 Golden Door Charter 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.

Philip T. Meshinsky
Licensed Public School Accountant
No. CS00233400
Meshinsky & Associates LLC, CPAs
Union, New Jersey

December 17, 2019

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

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

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

Paul Velelis	School Business Administrator/ Board Secretary	\$165,000
Robert Doria	School Treasurer	\$165,000

The adequacy of the treasurer's surety bond was verified as required by N.J.S.A. 18A:17-32.

Tuition Charges

A review of 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 Account

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

All payrolls were approved by the designee in the Charter School 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 withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

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. No exceptions were noted during our review.

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 the 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, a transaction error rate of less than 1.90% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions or discrepancies were noted in the general classification of expenditures.

B. Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed no exceptions or discrepancies.

Treasurer's Records

There were no items noted during our review of the records of the Treasurer.

Elementary and Secondary Education Act (E.S.E.A.)/As amended by the every student succeeds act (E.S.S.A.).

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 Title I and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable cost.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds, on a test basis, indicated the 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.

The study of compliance for the special projects did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursements (electronic, but Charter Schools can print out the DOENET screen for an auditor) filed with the Department of Education for Charter School employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the charter school to reimburse the State for the TPAF/FICA payments made by the State on behalf of the charter school for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.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 NJ local agency procurement laws website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature website at: <http://lis.njleg.state.nj.us>

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of N.J.S.A. 18A:18A-3 and 4.

Administrative Findings – Financial, Compliance and Performance

School Purchasing Programs (Continued)

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$19,000.

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 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:18A-4*.

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.

Cash receipts and bank records were reviewed for timely deposit.

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.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process that 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 and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk 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.

Non-program foods were not purchased, prepared, sold, or offered for sale.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds found in the CAFR.

Administrative Findings – Financial, Compliance and Performance

Enrollment Counts and Submissions to the Department

Our audit procedures included a test of enrollment information reported on October 15, 2018 and the last day of school for on-roll, special education, bilingual and low-income.

Testing for Lead of All Drinking Water in Educational Facilities

The charter school did submit the annual statement of assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(a)

Follow-up on Prior Year Findings

Not Applicable.

Acknowledgment

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

SCHEDULE OF AUDITED ENROLLMENTS

GOLDEN DOOR CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OCTOBER 15, 2018

Sample

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	45	45	20		20							8	8	
One	41	41	20		20		-	-		-		8	8	
Two	41	41	20		20		-	-		-		8	8	
Three	48	48	21		21		3	3		3		8	8	-
Four	38	38	16		16		1	1		1		8	8	
Five	44	44	20		20		3	3		3		8	8	
Six	42	42	20		20		2	2		2		10	10	-
Seven	42	42	20		20		2	2		2		10	10	
Eight	43	43	30		30		3	3		3		10	10	
Nine	49	49	30		30		5	5		5		10	10	
Ten	49	49	37		37		3	3		3		10	10	-
Eleven	51	51	38		38		6	6		6		10	10	
Twelve	50	50	21		21		3	3		3		10	10	
Totals	583	583	313	-	313	-	31	31	-	31	-	118	118	-
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

GOLDEN DOOR CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2019

Sample

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	45	45	15		15		-	-		-		8	8	
One	41	41	20		20		-	-		-		8	7	1
Two	41	41	20		20		-	-		-		8	7	1
Three	45	45	20		20		2	2		2		8	8	1
Four	38	38	15		15		1	1		1		8	8	
Five	44	44	20		20		2	2		2		8	8	
Six	45	45	20		20		2	2		2		10	10	
Seven	42	42	25		25		2	2		2		10	8	2
Eight	43	43	25		25		3	3		3		10	10	
Nine	46	46	20		20		5	5		5		10	10	
Ten	46	46	25		25		3	3		3		10	9	1
Eleven	51	51	25		25		6	6		6		10	9	
Twelve	50	50	20		20		3	3		3		10	10	
Totals	577	577	270	-	270	-	29	29	-	29	-	118	112	6
Percentage			0.00%		0.00%				0.00%			0.00%		5.08%

EXCESS SURPLUS CALCULATION

N.J.S.A. 18A:7F-7 requires that excess surplus for regular school districts and charter schools is calculated using 2% for June 30, 2005 and thereafter. Pursuant to P.L. 2007, c.62, the minimum is \$250,000, effective with the year ending June 30, 2007.

Charter schools are not subject to the excess surplus limitations. Charter school auditors are required to document the calculation of excess surplus pursuant to N.J.S.A. 18A:7F-7 solely for the purpose of adherence to N.J.A.C. 6A:23A-22.4(e), which provides that a district board of education may petition the Commissioner to pay a lower per-pupil rate if the charter school spends "significantly less than budgeted and has accumulated a sizable surplus."

CALCULATION:

Complete Sections 1 and 2. If the total of Section 2 is **greater** than the applicable portion of Section 1, enter the difference in Section 3. If the difference results in a negative, enter a zero in Section 3. The applicable sections are to be submitted as part of the Auditor's Management Report.

Note that beginning with the excess surplus calculation for the year ending June 30, 2012 the transfer to food services is not an allowable adjustment (increase) to total general fund expenditures.

EXCESS SURPLUS CALCULATION

GOLDEN DOOR CHARTER SCHOOL

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	6,756,995	(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		(988,168)	(B2a)
Assets Acquired Under Capital Leases		-	(B2b)
Adjusted 2017-18 General Fund Expenditures	\$	<u>5,768,827</u>	(B3)
2% of Adjusted 2017-18 General Fund Expenditures	\$	115,377	(B4)
Enter Greater of (B4) or \$250,000		250,000	(B5)
Increased by: Allowable Adjustment *		-	(K)
Maximum Unassigned Fund Balance/Undesignated-Unreserved Fund Balance			<u>\$ 250,000</u> (M)

SECTION 2

Total General Fund - Fund Balance @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$	1,676,241	(C)
Decrease 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 ****		-	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures		-	(C5)
Total Unassigned Fund Balance			<u>1,676,241</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus ***	\$	<u>1,426,241</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	-	(C3)
Reserved Excess Surplus ***		<u>1,426,241</u>	(E)
Total Excess Surplus	\$	<u>1,426,241</u>	(D)

EXCESS SURPLUS CALCULATION

GOLDEN DOOR CHARTER SCHOOL

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 fund to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Imp; Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognize as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by bo; 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.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

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)
		<hr/>	
Total Adjustments	\$	-	(K)

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2019 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved 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 an other type of government, such as the judicial branch of government, must have departmental approval. Distric requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	-	
Sale/lease-back reserve		-	
Capital reserve		-	
Maintenance reserve		-	
Emergency reserve		-	
Tuition reserve		-	
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		-	
[Other Restricted Fund Balance not noted above] ****		-	
		<hr/>	
Total Other Restricted Fund Balance	\$	-	(C4)

**GOLDEN DOOR CHARTER SCHOOL
3044 KENNEDY BOULEVARD
JERSEY CITY, NEW JERSEY 07306**

For the Fiscal Year Ended June 30, 2019

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. Charter School Enrollment System(CHE)
None
8. Pupil Transportation
None
9. Facilities and Capital Assets
None
10. Miscellaneous
None
11. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.