

**DR. LENA EDWARDS ACADEMIC
CHARTER SCHOOL**

**Auditors' Management Report
On
Administrative Findings
Financial, Compliance
And Performance
June 30, 2021**

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

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| Tax Identification Number: | 27-1827559 |

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Honorable President and
Members of the Board of Trustees
Dr. Lena Edwards Academic Charter School
County of Hudson, 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 Trustees of Dr. Lena Edwards Academic Charter School in the County of Hudson, for the year ended June 30, 2021, and have issued our report thereon dated January 15, 2022.

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 Dr. Lena Edwards Academic Charter School Board of Trustee's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Olugbenga Olabintan, CPA

January 15, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2021

Scope of Audit

The audit covered the financial transactions of the Business Office, 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

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|---------------------|---|----------------------|
| Dr. Brian Falkowski | Board Secretary/ School Business Administrator | \$200,000 |

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$1,000,000.

There is an Employee's Faithful Performance Blanket Position Bond Policy covering for all other employees with coverage of \$25,000.

Tuition Charges

A review of the financial statements indicated that the charter 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 during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

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Payroll Account

The net salaries of all employees of the Charter School 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 Chairman of the Board of Trustees and the Comptroller.

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchased orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(g) and line item details as described in the Budget Summary Key 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 transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

We reviewed the financial and accounting records maintained by the Business Office and no material findings noted.

Treasurer's Records

Our review of the treasurer's records disclosed that the Charter School is in compliance with the State requirements. All cash accounts were reconciled monthly and reporting requirements were met on time.

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Elementary and Secondary Education Act (E.S.E.A) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the Comprehensive Annual Financial Report (CAFR). This section of the CAFR documents the financial position pertaining to the projects under Titles I through VI of the Elementary and Secondary Education Act as amended and reauthorized.

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

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) located in the CAFR. Our 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.

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 noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

This represents 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.

This did not apply for the fiscal year ended June 30, 2021 because did not charge any eligible employees to federal grants during the fiscal year.

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School Purchasing Programs

Contracts and Agreements Requiring Advertising for Bids

Effective July 1, 2020 and thereafter the bid thresholds in accordance with N.J.S.A 18A:18A-3 (as amended) and 18A:39-3 is \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public student transportation contract under N.J.S.A. 18A:39-3 is currently \$19,600 for 2020-2021.

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, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A 18A:A8A-5.

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During School Year 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFA) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement over-claims or under-claims. No exceptions noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions noted.

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

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan (PPP) and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

Net cash resources did not exceed three months average expenditures.

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

Student Body Activities

Our audit revealed some student body activities during the fiscal year ended June 30, 2021 which were accounted for in separate bank accounts. Our review of the record of the Student Body Activities did not disclose any exceptions.

Enrollment Counts and Submission to the Department

Our audit procedures included test of information reported on the October 15th, and the last day of school for on-roll, special education, bilingual and low income. We also performed a review of the Charter School procedures related to its completion. The Charter School maintained adequate written procedures for the recording of student enrollment data.

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Miscellaneous

Facilities and Capital Assets

Our procedures included a review of policies and procedures adopted by the Charter School over its capital assets. We noted that acquisitions during the fiscal year ended June 30, 2021 met the capitalization threshold of \$2,000 set by the State of New Jersey's Department of Education for Charter Schools.

Testing for Lead of All Drinking Water in Educational Facilities

The Charter School adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The Charter School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. There were no findings in the prior year ended June 30, 2020.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2020-2021 fiscal year.

Acknowledgement

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.

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Food Service Fund
Number of Meals Served and (Over)/Underclaim
Enterprise Fund

| Program | Meal Category | Meals Claimed | Meals Verified | Difference | Rate | (Over) Under Claim |
|------------------------------|---------------|---------------|----------------|---------------|----------|--------------------------|
| National School Lunch | Paid | - | - | - | - | \$ - |
| | Reduced | - | - | - | - | - |
| | Free | - | - | - | - | - |
| | SOS | 18,271 | 18,271 | - | 3.86 | - |
| | Total | | <u>18,271</u> | <u>18,271</u> | <u>-</u> | |
| School Breakfast | Paid | - | - | - | - | - |
| | Reduced | - | - | - | - | - |
| | Free | - | - | - | - | - |
| | SOS | 18,074 | 18,074 | - | 2.26 | - |
| | Total | | <u>18,074</u> | <u>18,074</u> | <u>-</u> | |
| National After School Snacks | Paid | - | - | - | - | - |
| | Reduced | - | - | - | - | - |
| | Free | - | - | - | - | - |
| | Total | | <u>-</u> | <u>-</u> | <u>-</u> | |
| Total Net (Over)/Underclaim | | | | | | <u>\$ -</u> |

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Application for Charter School Aid
Schedule of Audited Enrollments
Enrollment Count as of October 15, 2020

| Grades | Submission to DOE reported on Roll | Reported on Workpapers | Verified signed registration forms | Errors | Verified # of days enrolled | Errors | Special Ed &/ or Bilingual | Verified Documentation | Errors | Verified # of days of Service Provided | Errors | Low Income | Verified Documentation | Errors |
|--------------|--|---------------------------|---------------------------------------|----------|--------------------------------|----------|-------------------------------|---------------------------|----------|---|----------|---------------|---------------------------|----------|
| Kindergarten | 45 | 23 | 23 | - | 23 | - | - | - | - | - | - | 23 | 23 | - |
| One | 46 | 23 | 23 | - | 23 | - | 3 | 3 | - | 3 | - | 21 | 21 | - |
| Two | 42 | 21 | 21 | - | 21 | - | 1 | 1 | - | 1 | - | 17 | 17 | - |
| Three | 44 | 22 | 22 | - | 22 | - | 1 | 1 | - | 1 | - | 22 | 22 | - |
| Four | 43 | 21 | 21 | - | 21 | - | 6 | 6 | - | 6 | - | 21 | 21 | - |
| Five | 45 | 22 | 22 | - | 22 | - | 4 | 4 | - | 4 | - | 21 | 21 | - |
| Six | 42 | 21 | 21 | - | 21 | - | 1 | 1 | - | 1 | - | 19 | 19 | - |
| Seven | 43 | 22 | 22 | - | 22 | - | 2 | 2 | - | 2 | - | 17 | 17 | - |
| Eight | 44 | 22 | 22 | - | 22 | - | 1 | 1 | - | 1 | - | 21 | 21 | - |
| Total | 394 | 197 | 197 | 0 | 197 | 0 | 19 | 19 | 0 | 19 | 0 | 182 | 182 | 0 |
| Percentage | | | | 0.00% | | 0.00% | | | 0.00% | | 0.00% | | | |

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Application for Charter School Aid
Schedule of Audited Enrollments
Enrollment Count as of Last Day of School

| Grades | Submission to DOE reported on Roll | Reported on Workpapers | Verified signed registration forms | Errors | Verified # of days enrolled | Errors | Special Ed &/ or Bilingual | Verified Documentation | Errors | Verified # of days of Service Provided | Errors | Low Income | Verified Documentation | Errors |
|--------------|--|---------------------------|---------------------------------------|----------|--------------------------------|----------|-------------------------------|---------------------------|----------|---|----------|---------------|---------------------------|----------|
| Kindergarten | 45 | 22 | 22 | - | 22 | - | - | - | - | - | - | 22 | 22 | - |
| One | 46 | 23 | 23 | - | 23 | - | 1 | 1 | - | 1 | - | 21 | 21 | - |
| Two | 42 | 21 | 21 | - | 21 | - | 3 | 3 | - | 3 | - | 20 | 20 | - |
| Three | 44 | 22 | 22 | - | 22 | - | 3 | 3 | - | 3 | - | 16 | 16 | - |
| Four | 43 | 22 | 22 | - | 22 | - | 4 | 4 | - | 4 | - | 22 | 22 | - |
| Five | 45 | 23 | 23 | - | 23 | - | 6 | 6 | - | 6 | - | 17 | 17 | - |
| Six | 42 | 21 | 21 | - | 21 | - | 1 | 1 | - | 1 | - | 19 | 19 | - |
| Seven | 43 | 21 | 21 | - | 21 | - | 4 | 4 | - | 4 | - | 17 | 17 | - |
| Eight | 44 | 22 | 22 | - | 22 | - | 4 | 4 | - | 4 | - | 18 | 18 | - |
| Total | 394 | 197 | 197 | 0 | 197 | 0 | 26 | 26 | 0 | 26 | 0 | 172 | 172 | 0 |
| Percentage | | | | 0.00% | | 0.00% | | | 0.00% | | 0.00% | | | 0.00% |

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
NET CASH RESOURCE SCHEDULE**

Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2021

| <u>Net Cash Resources:</u> | Food Service B - 4/5 | |
|---|----------------------------|-----------------------------|
| CAFR * | | Current Assets |
| B-4 | \$ 6,037 | Cash & Cash Equiv. |
| B-4 | (26,624) | Due from Other Gov'ts |
| B-4 | 15,352 | Accounts Receivable |
| B-4 | - | Investments |
| CAFR | | Current Liabilities |
| B-4 | - | Less Accounts Payable |
| B-4 | - | Less Accruals |
| B-4 | - | Less Due to Other Funds |
| B-4 | - | Less Deferred Revenue |
| | <u>\$ (5,235)</u> | Net Cash Resources |
| | | (A) |
| <u>Net Adj. Total Operating Expense:</u> | | |
| B-5 | 264,572 | Tot. Operating Exp. |
| B-5 | - | Less Depreciation |
| | <u>\$ 264,572</u> | Adj. Tot. Oper. Exp. |
| | | (B) |
| <u>Average Monthly Operating Expense:</u> | | |
| | <u>\$ 26,457</u> | B / 10 |
| | | (C) |
| <u>Three times monthly Average:</u> | | |
| | <u>\$ 79,372</u> | 3 X C |
| | | (D) |

| | | |
|--|--------------------|--|
| TOTAL IN BOX A | \$ (5,235) | |
| LESS TOTAL IN BOX D | \$ (79,372) | |
| NET | <u>\$ (84,607)</u> | |
| From above: | | |
| D is greater than A, cash exceeds 3 X average monthly operating expenses. | | |

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

Source: Charter School's CAFR

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
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Audit Recommendations Summary

Findings and 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. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no findings in the prior year ended June 30, 2020.