

**UNIVERSITY HEIGHTS
CHARTER SCHOOL**

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
Auditors’ Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2021

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Tax Identification Number: 52-2424169	

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Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
University Heights Charter School
County of Essex, 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 University Heights Charter School in the County of Essex, for the year ended June 30, 2021, and have issued our report thereon dated January 31, 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. January 31, 2022

This report is intended for the information of the University Heights 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.

Olugbenga Olabintan, CPA

January 31, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

UNIVERSITY HEIGHTS 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 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

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:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Ana Pfalzgraf	Board Secretary/School Business Administrator	\$240,000

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

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$3,000,000.

Tuition Charges

A review of the financial statements indicated that the charter school charged no tuition for any student attending the Charter School and all proceeds for the 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 President of the Board of Trustees, the School Business Administrator and the Executive Director.

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

Payrolls were delivered to the School Business Administrator/Board Secretary who then made cash transfers from the Operating account to the separate bank accounts for net payroll and the withholdings.

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) 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:23 A-8.3. As a result of the procedures performed, no transaction error rate was noted.

Board Secretary's Records

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

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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.

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

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.

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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 selected as a major federal program. 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 2019-2021 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	-	-	-	-	-
	SSO	57,685	57,685	-	3.86	-
	Total		<u>57,685</u>	<u>57,685</u>	<u>-</u>	
School Breakfast	Paid	-	-	-	-	-
	Reduced	-	-	-	-	-
	Free	-	-	-	-	-
	SSO	57,405	57,405	-	2.26	-
	Total		<u>57,405</u>	<u>57,405</u>	<u>-</u>	
National After School Snacks	Paid	-	-	-	-	-
	Reduced	-	-	-	-	-
	Free	-	-	-	-	-
	Total		<u>-</u>	<u>-</u>	<u>-</u>	
Total Net (Over)/Underclaim						<u>\$ -</u>

UNIVERSITY HEIGHTS 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
Pre-Kindergarten	121	60	60	-	60	-	-	-	-	-	-	60	60	-
Kindergarten	76	38	38	-	38	-	2	2	-	2	-	38	38	-
One	84	42	42	-	42	-	1	1	-	1	-	42	42	-
Two	91	46	46	-	46	-	5	5	-	5	-	46	46	-
Three	113	57	57	-	57	-	6	6	-	6	-	57	57	-
Four	109	55	55	-	55	-	9	9	-	9	-	55	55	-
Fifth	68	34	34	-	34	-	3	3	-	3	-	34	34	-
Sixth	76	38	38	-	38	-	3	3	-	3	-	38	38	-
Seventh	65	32	32	-	32	-	1	1	-	1	-	32	32	-
Eight	70	35	35	-	35	-	5	5	-	5	-	35	35	-
Total	873	437	437	0	437	0	35	35	0	35	0	437	437	0
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

UNIVERSITY HEIGHTS 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
Pre-Kindergarten	121	61	61	-	61	-	3	3	-	3	-	61	61	-
Kindergarten	76	38	38	-	38	-	-	-	-	-	-	38	38	-
One	84	42	42	-	42	-	2	2	-	2	-	42	42	-
Two	91	45	45	-	45	-	1	1	-	1	-	45	45	-
Three	113	56	56	-	56	-	2	2	-	2	-	56	56	-
Four	109	54	54	-	54	-	6	6	-	6	-	54	54	-
Fifth	68	34	34	-	34	-	7	7	-	7	-	34	34	-
Sixth	76	38	38	-	38	-	5	5	-	5	-	38	38	-
Seventh	65	33	33	-	33	-	4	4	-	4	-	33	33	-
Eight	70	35	35	-	35	-	6	6	-	6	-	35	35	-
Total	873	436	436	0	436	0	36	36	0	36	0	436	436	0
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

**UNIVERSITY HEIGHTS 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		Cash & Cash Equiv.	\$ 242,254
B-4		Due from Other Gov'ts	29,108
B-4		Accounts Receivable	-
B-4		Investments	-
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(23,485)
B-4		Less Accruals	-
B-4		Less Due to Other Funds	(247,877)
B-4		Less Deferred Revenue	-
		Net Cash Resources	\$ - (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	455,996
B-5		Less Depreciation	-
		Adj. Tot. Oper. Exp.	\$ 455,996 (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	\$ 45,600 (C)
 <u>Three times monthly Average:</u>			
		3 X C	\$ 136,799 (D)

TOTAL IN BOX A	\$	-	
LESS TOTAL IN BOX D	\$	(136,799)	
NET	\$	(136,799)	
From above:			
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: Charter School's CAFR

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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.