

**COMMUNITY CHARTER
SCHOOL OF PATERSON**

**Auditors' Management Report
On
Administrative Findings
Financial, Compliance
And Performance
June 30, 2022**

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors’ Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

Table of Contents

Independent Auditors’ Report.....	1
Scope of Audit	2
Administrative Practices and Procedures:	
Insurance	2
Official Bonds.....	2
P.L.2020, Chapter 44	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting:	
Examination of Claims	2
Payroll Account	3
Reserve for Encumbrances and Accounts Payable.....	3
Classification for Expenditures.....	3
▪ General Classification.....	3
▪ Administrative Classification.....	3
Board Secretary’s Reports	3
Treasurer’s Records	3
Elementary and Secondary Education Act as amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects.....	4
T.P.A.F Reimbursements.....	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertising for Bids	5
School Food Service	5
Student Body Activities	8
Enrollment counts and submission to the Department	8
Miscellaneous	8
Follow-up on Prior Year Findings	8
Acknowledgement	9
Schedule of Meal Count Activity	10
Schedule of Audited Enrollments	11-12
Net Cash Resource.....	13
Audit Recommendations Summary	14
Tax Identification Number: 26-1132409	

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648
Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
Community Charter School of Paterson
County of Passaic, New Jersey

I 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 Community Charter School of Paterson in the County of Passaic, for the year ended June 30, 2022, and have issued my report thereon dated April 24, 2023.

As part of my audit, I 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 Community Charter School of Paterson 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.

Gerald D. Longo, CPA

April 24, 2023
Manalapan, New Jersey

GERALD D. LONGO, CPA
Certified Public Accountant/Consultant



Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

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 ACFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Olugbenga Olabintan, CPA	Board Secretary/School Business Administrator	\$250,000

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.

P.L.2020, Chapter 44

My audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The Charter School data certification was completed by the Chief School Administrator. The Charter School's Chapter 44 data was submitted timely.

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.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

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 and the School Business Administrator.

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.

No exceptions were noted during my testing of payroll.

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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my 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

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

Treasurer's Records

My 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.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

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 Annual Comprehensive Financial Report (ACFR). This section of the ACFR 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 ACFR. My 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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

My 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 not 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 I noted the following observation:

Observation 2022-001

I observed that the Charter School properly determined the amount of the TPAF/FICA to be reimbursed to the State and the payable was properly accrued as of June 30, 2022.. However, the amount has not been paid to the State as of the date of my report. I recommend that the reimbursement amount be paid immediately and be paid timely in the future – that is no later than 90 days after the fiscal year end.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

School Purchasing Programs

Contracts and Agreements Requiring Advertising 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](http://state.nj.us/dca/divisions/dlgs/programs/lpcl.html) webpage: state.nj.us/dca/divisions/dlgs/programs/lpcl.html.

Current statute is posted on the [New Jersey Legislature](http://njleg.state.nj.us/) (njleg.state.nj.us/) website.

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 \$20,200 for 2021-2022.

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 my examination, I 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 18A18A-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.

Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's (USDA's) federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

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). SFA could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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.

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.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The Charter School project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract has no guarantee that the service program will breakeven, return a profit or limit a loss. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. No exceptions 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. No exceptions noted.

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. No exceptions noted.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements. No exceptions noted.

The FSMC did apply for and received a loan in accordance with the Payroll Protection Plan and did use the funds to pay for costs applicable to the Food Service Programs. The PPP loan was subsequently forgiven and the FSMC did refund or credit the applicable amounts to the SFA.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food.

Services employees were authorized by the board of trustees. No exceptions were noted.

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 certified in a timely manner.

The Charter School participated in the Seamless Summer Options, and therefore, the collection of applications for free and reduced price school meals was encouraged but not required for the 2021-2022 school year. Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free meals claimed as served was compared to the number of 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. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications was not applicable for the school year. No exceptions noted.

USDA Food Distribution Program (food and/or commodities) were not received.

Non-program foods were received.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue AND program and non-program cost of goods sold.

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

Finding # 2022-001

I observed that the Charter School recorded in it food service fund net cash resources that did exceed three months average expenditures as of June 30, 2022. I recommend that the Charter School develop a plan to utilize the excess cash resources in the food service fund.

Management Response

The Charter School's food service fund has always been run very efficiently and therefore continued to add to the net position. The Charter School will continue to utilize the excess cash where it could each year responsibly.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

Student Body Activities

My audit revealed some student body activities during the fiscal year ended June 30, 2022 which were accounted for in separate bank accounts. My review of the record of the Student Body Activities did not disclose any exceptions.

Enrollment Counts and Submission to the Department

My 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. I 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. No exceptions noted.

Miscellaneous

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*, my procedures included a review of all prior year recommendations including findings. There were no findings in the prior year ended June 30, 2021.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2020-2022 fiscal year.

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

Acknowledgement

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

Respectfully submitted,

GERALD D. LONGO, CPA
Certified Public Accountant/Consultant

A handwritten signature in black ink that reads "Gerald D. Longo". The signature is written in a cursive style with a horizontal line underneath the name.

Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

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

Program	Meal Category	Meals Claimed	Meals Verified	Difference	Rate	(Over) Under Claim
Seamless Summer Option (SSO) July 2021 - December 2021						
Breakfast	Free	46,935	46,935	-	\$ 2.4625	\$ -
Lunch	Free	70,548	70,548	-	4.3175	-
	Total	<u>117,483</u>	<u>117,483</u>	<u>-</u>		<u>-</u>
Seamless Summer Option (SSO) January 2022 - June 2022						
Breakfast	Free	38,331	38,331	-	2.6050	-
Lunch	Free	41,658	41,658	-	4.5625	-
	Total	<u>79,989</u>	<u>79,989</u>	<u>-</u>		<u>-</u>
After School Snacks	Free	39,572	39,572	-	1.0000	-
	Total	<u>39,572</u>	<u>39,572</u>	<u>-</u>		<u>-</u>
Total Net (Over)/Underclaim						<u>\$ -</u>

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

Program	Meal Category	Meals Claimed	Meals Verified	Difference	Rate	(Over) Under Claim
Seamless Summer Option (SSO) July 2021 - June 2022						
Lunch	Free	117,483	117,483	-	0.1050	\$ -
Total Net (Over)/Underclaim						<u>\$ -</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Application for Charter School Aid
Schedule of Audited Enrollments
Enrollment Count as of October 15, 2021

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	102	51	51	-	51	-	5	5	-	5	-	48	48	-
One	101	51	51	-	51	-	5	5	-	5	-	46	46	-
Two	100	50	50	-	50	-	4	4	-	4	-	44	44	-
Three	96	48	48	-	48	-	8	8	-	8	-	45	45	-
Four	97	49	49	-	49	-	8	8	-	8	-	36	36	-
Five	103	52	52	-	52	-	7	7	-	7	-	40	40	-
Six	99	50	50	-	50	-	12	12	-	12	-	39	39	-
Seven	97	49	49	-	49	-	7	7	-	7	-	47	47	-
Eight	103	52	52	-	52	-	5	5	-	5	-	44	44	-
Total	898	452	452	-	452	-	61	61	-	61	-	389	389	-
Percentage				0.00%		0.00%			0.00%		0.00%			

COMMUNITY CHARTER SCHOOL OF PATERSON
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	102	51	51	-	51	-	4	4	-	4	-	48	48	-
One	101	50	50	-	50	-	4	4	-	4	-	46	46	-
Two	100	50	50	-	50	-	4	4	-	4	-	43	43	-
Three	96	48	48	-	48	-	8	8	-	8	-	45	45	-
Four	97	48	48	-	48	-	8	8	-	8	-	36	36	-
Five	103	51	51	-	51	-	6	6	-	6	-	39	39	-
Six	99	49	49	-	49	-	11	11	-	11	-	38	38	-
Seven	97	48	48	-	48	-	7	7	-	7	-	46	46	-
Eight	103	51	51	-	51	-	5	5	-	5	-	44	44	-
Total	898	446	446	-	446	-	57	57	-	57	-	385	385	-
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

**COMMUNITY CHARTER SCHOOL OF PATERSON
NET CASH RESOURCE SCHEDULE**

Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2022

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 158,847
B-4		Due from Other Gov'ts	79,833
B-4		Accounts Receivable	24,531
B-4		Investments	159,624
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(39,389)
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	-
		Net Cash Resources	\$ 383,446
			(A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	796,146
B-5		Less Depreciation	(19,953)
		Adj. Tot. Oper. Exp.	\$ 776,193
			(B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	\$ 77,619
			(C)
 <u>Three times monthly Average:</u>			
		3 X C	\$ 232,858
			(D)

TOTAL IN BOX A	\$	383,446	
LESS TOTAL IN BOX D	\$	(232,858)	
NET	\$	150,588	
From above:			
D is less than A, cash exceeds 3 X average monthly operating expenses.			
The Charter School plans to do some kitchen renovations in 2022-2023.			

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

Source: Charter School's ACFR

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2022

Audit Recommendations Summary

Findings and Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

We observed that the TPAF/FICA reimbursement was properly determined and accrued as of June 30, 2022 but was not yet paid as of the date of my audit report.

3. School Purchasing Programs

None

4. School Food Service

Net cash resources exceeded three months average expenditures

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

No findings in the prior year ended June 30, 2021.