

**MILLVILLE PUBLIC CHARTER SCHOOL
COUNTY OF CUMBERLAND**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

MILLVILLE PUBLIC CHARTER SCHOOL
Auditor's Management Report on Administrative
Findings - Financial, Compliance and Performance

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

The Honorable President and
Members of the Board of Trustees
Millville Public Charter School
County of Cumberland, New Jersey 08332

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2022, which were separately issued in the Annual Comprehensive Financial Report dated March 14, 2023.

As part of our audit, we also 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 issued in conjunction with the Annual Comprehensive Financial Report of the Board of Trustees of the Millville Public Charter School, for the fiscal year ended June 30, 2022, and is intended for the information of the Charter School's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Public School Accountant No. CS 01191

Voorhees, New Jersey
March 14, 2023

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary / School Business Administrator, 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 Annual Comprehensive Financial Report (ACFR).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dennis Zakroff	Board Secretary / School Business Administrator	\$175,000.00

There is a blanket dishonesty bond covering all other employees with the following coverage: \$500,000.00 per loss.

P.L.2020, c.44

In accordance with P.L. 2021, c.163, the provisions of P.L. 2020, c.44 do not apply to Charter Schools or Renaissance School employers unless they have a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L. 2020, c.44. The Charter School data certification was not completed by the chief school administrator as it was not required to be submitted.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING**Examination of Claims**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

Payroll Account

The net salaries of sampled employees of the Charter School were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the payroll agency account.

Sampled payrolls were approved by the Executive Director and were certified by the President of the Board and the Board Secretary / School Business Administrator.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

Sampled payrolls were delivered to the Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Travel

Our procedures performed on travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

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 randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I, Titles II and Titles IV of the Every Student Succeeds Act.

Other Special Federal and / or State Projects

The Charter School's other special projects were approved as listed on exhibits K-3 and K-4 located in the ACFR.

Our audit of the federal and state funds on a sample 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 other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance.

TPAF Reimbursement

Our audit procedures included a sample of the biweekly reimbursements 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 and N.J.S.A. 18A:66-90. The expenditure was inspected 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 the school contracts in general, are available on the following website:

<https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at:

<http://www.njleg.state.nj.us/>

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (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 \$20,200.00 for 2021-22.

The Charter School's Members of the 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 audit, 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

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 free and reduced price 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 federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs 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 financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were tested on a sample basis. No exceptions were noted.

SCHOOL FOOD SERVICE (CONT'D)

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled 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.

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.

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.

Net cash resources did exceed three months average expenditures.

Finding No. 2022-001 (ACFR Finding No. 2022-001)

A Food Service Fund's Net Cash Resources should not exceed its three months average expenditures.

Recommendation

That the Charter School develop a plan to reduce the Food Service Fund's Net Cash Resources below its three- month average expenditures.

Sampled time sheets were tested and labor costs verified. Payroll records were maintained on all sampled school food service employees authorized by the Charter School. 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 submitted / certified in a timely manner.

Sampled applications for free and reduced price meals were tested 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 inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

USDA Food Distribution Program (food and / or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The statement of revenues, expenses, and changes in fund net position (ACFR exhibit 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.

STUDENT BODY ACTIVITIES

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT

Our audit procedures included a sample of enrollment information on October 15, 2021 and the last day of school for on-roll, special education, bilingual and low-income. The results of our procedures are presented in the schedule of audited enrollments.

The Charter School maintained written procedures that appear to be adequate for the recording of student enrollment data.

FACILITIES AND CAPITAL ASSETS

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Education Facilities

The Charter School complied with all the requirements of N.J.A.C. 6A: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

There were no audit findings for the fiscal year ended June 30, 2021.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2022.

ACKNOWLEDGMENT

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Public School Accountant No.01191

MILLVILLE PUBLIC CHARTER SCHOOL
 Schedule of Meal Count Activity
 Food Service Fund
 Number of Meals Served and (Over) / Underclaim - Federal
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2022

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
Seamless Summer Option (SSO)							
Calendar Year 2021							
Breakfast	Free	43,057	2,573	2,573	-	2.4625	-
Lunch	Free	53,612	3,207	3,207	-	4.3175	-
	Total	96,669	5,780	5,780	-		-
Calendar Year 2022							
Breakfast	Free	55,203	4,144	4,144	-	2.6050	-
Lunch	Free	69,254	5,232	5,232	-	4.5625	-
	Total	124,457	9,376	9,376	-		-
Summer Food Service (SFSP)							
Calendar Year 2021							
	<u>Self-Prep Rates</u>						
Breakfast		5,539	433	433	-	2.4625	\$ -
Lunch or Supper		5,439	505	505	-	4.3175	-
	Total	10,978	938	938	-		-
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

MILLVILLE PUBLIC CHARTER SCHOOL
 Schedule of Net Cash Resources
 Net Cash Resources Did Exceed Three Months of Expenditures
 Proprietary Funds - Food Service Fund
 For the Fiscal Year Ended June 30, 2022

<u>Net Cash Resources:</u>	<u>Food Service B - 4/5</u>	
ACFR	Current Assets	
B-4	Cash & Cash Equivalents	
B-4	Due from Other Governments	49,059.45
B-4	Due from Other Funds	331,798.50
B-4	Accounts Receivable	
B-4	Investments	
ACFR	Current Liabilities	
B-4	Less Accounts Payable	(3,074.05)
B-4	Less Accruals	
B-4	Less Due to Other Funds	
B-4	Less Unearned Revenue	
	Net Cash Resources	<u>\$ 377,783.90</u>

(A)

Net Adjusted Total Operating Expense:

B-5	Total Operating Expenditures	\$ 712,514.63	
B-5	Less Depreciation	(2,636.02)	
	Adjusted Total Operating Expense	<u>\$ 709,878.61</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 70,987.86</u>	(C)
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Three Times Monthly Average:

3 X C	<u>\$ 212,963.58</u>	(D)
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TOTAL IN BOX A	\$ 377,783.90
LESS TOTAL IN BOX D	\$ 212,963.58
NET	<u>\$ 164,820.32</u>

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.

D is greater than A, cash does not exceed 3 X average monthly operating expenses.

MILLVILLE PUBLIC CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OCTOBER 15, 2021

Grade	Submission to DOE reported On Roll	Reported on Workpapers	Verified signed		Verified		Sample			Verified # days		Verified		
			Registration Forms	Errors	# days enrolled	Errors	Special Ed & or Bilingual	Verified Documentation	Errors	Service Provided	Errors	Low Income	Documentation	Errors
Kindergarten	10	10			10		1	1		1		7	7	
One	15	15			15							7	7	
Two	17	17			17		1	1		1		10	10	
Three	15	15			15							7	7	
Four	24	24			24		4	4		4		13	13	
Five	24	24			24		3	3		3		14	14	
Six	15	15			15		4	4		4		12	12	
Seven	15	15			15		2	2		2		4	4	
Eight	12	12			12		1	1		1		6	6	
Nine														
Ten														
Eleven														
Twelve														
Total	147	147	-	-	147	-	16	16		16		80	80	-

MILLVILLE PUBLIC CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2022

Grade	Submission to DOE reported On Roll	Reported on Workpapers	Verified signed Registration Forms	Errors	Verified # days enrolled	Errors	Sample			Low Income	Verified Documentation	Errors		
							Special Ed & or Bilingual	Verified Documentation	Errors					
Kindergarten	12	12			12					8		8		
One	15	15			15					9		9		
Two	23	23			23		3	3	3	18		18		
Three	16	16			16					7		7		
Four	15	15			15		4	4	4	12		12		
Five	25	25			25		1	1	1	14		14		
Six	12	12			12		3	3	3	8		8		
Seven	18	18			18		4	4	4	10		10		
Eight	11	11			11					5		5		
Nine														
Ten														
Eleven														
Twelve														
Total	147	147	-	-	147	-	15	15	-	15	-	91	91	-

MILLVILLE PUBLIC CHARTER SCHOOL
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2022

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

Finding 2022-001 - That the Charter School develop a plan to reduce the Food Service Fund's Net Cash Resources below its three-month average expenditures.

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. Follow-Up on Prior Year Findings

None

