

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

AUDITOR'S MANAGEMENT REPORT

FISCAL YEAR ENDED JUNE 30, 2022

Barre & Company LLC
Certified Public Accountants & Consultants

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

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

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Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
Thomas Edison EnergySmart Charter School
County of Somerset, 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 Thomas Edison EnergySmart Charter School in the County of Somerset for the year ended June 30, 2022, and have issued our report thereon dated February 10, 2023.

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 Thomas Edison EnergySmart 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.



Richard M. Barre
Licensed Public School Accountant
No. CS-O1181

Barre & Company, LLC, CPAs

February 10, 2023

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)

Ilgar Sadigov	School Business Administrator	\$180,000.00
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There is a Public Employees' Faithful Performance Blanket Position Bond with the Hanover Insurance Company covering all other employees with multiple coverage of \$1,000,000.

Tuition Charges

A review of 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.

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 Official Bonds.

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% 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.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB 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 Titles I and VI 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.

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.

The study of compliance for the special projects indicated the following areas of noncompliance:

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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 Teacher's Pension and Annuity Fund. 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 (as of June 2007) is available on the 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/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

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

Effective July 1, 2010 and thereafter, The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$20,200 effective 2021-22.

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

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 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: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 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.

During SY 2020-2021 the public health emergency was still applicable. 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) or the Summer Food Service Program (SFSP) option. 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 (new) 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 Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

School Food Service (Continued)

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. The charter school 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 NonCompetitive Emergency Procurement contract/addendum were reviewed and audited.

All vendor discounts, rebates, and credits from vendors and/or the FSMC were June 30, 2021 tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. 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 (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 the Edit Check Worksheet was completed. Reimbursement claims were 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 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. No exceptions were noted.

After Care

An additional “business” operation was established in the prior school year as the Charter School maintained an After Care program through its Enterprise Account, whereby the school provided supervisory services after school hours, for its students and their families. As per the prior year, while a separate bank account is not required for this operation, it has been recommended that the receipts and disbursements related to this business operation be separated out from the other Enterprise Programs, on all appropriate reports and statements. This has been effectively carried out by the “61” prefix designation, for all accounts pertaining to the After Care Program.

Student Body Activities

During our review of the student activity funds, there were no items noted.

Enrollment Counts and Submissions to the Department

Our audit procedures included a test of enrollment information reported on October 15, 2021 and the last day of school for on-roll, special education, bilingual and low-income.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

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 MEAL COUNT ACTIVITY
THOMAS EDISON ENERGYSMART CHARTER SCHOOL
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over) Under Claim
National School Lunch (Regular Rate)	Paid	-	-	-	-	0.35	\$ -
	Reduced	-	-	-	-	3.26	-
	Free	-	-	-	-	3.66	-
	TOTAL	-	-	-	-		-
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.33	\$ -
	Reduced	-	-	-	-	1.67	-
	Free	-	-	-	-	1.97	-
	TOTAL	-	-	-	-		\$ -
Seamless Summer Option (SOS) Lunch Breakfast	Free	68,669	45,322	45,322	-	1.97	\$ -
	Free	15,603	10,298	10,298	-	3.66	-
	TOTAL	84,272	55,620	55,620	-		
TOTAL NET OVERCLAIM							<u>\$ -</u>

SCHEDULE OF MEAL COUNT ACTIVITY
THOMAS EDISON ENERGYSMART CHARTER SCHOOL
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - STATE
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>(Over) Under Claim</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	0.050	\$ -
	Reduced	-	-	-	-	0.055	-
	Free	-	-	-	-	0.055	-
	TOTAL	-	-	-	-		-
Seamless Summer Option (SOS) Lunch	Free	68,669	45,322	45,322	-	0.055	\$ -
	TOTAL	68,669	45,322	45,322	-		-
TOTAL NET OVERCLAIM							<u>\$ -</u>

SCHEDULE OF AUDITED ENROLLMENTS

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2021**

Grades	Submission to DOE Reported on Roll	Sample										Percentage							
		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	50	25	25		25		2	2		2		2		2		4		4	
One	50	25	25		25		2	2		2		2		2		4		4	
Two	50	25	25		25		2	2		2		2		2		2		2	
Three	49	25	25		25		2	2		2		2		2		3		3	
Four	50	25	25		25		2	2		2		2		2		3		3	
Five	50	25	25		25		3	3		3		3		3		2		2	
Six	50	25	25		25		2	2		2		2		2		5		5	
Seven	51	26	26		26		2	2		2		2		2		3		3	
Eight	48	24	24		24		2	2		2		2		2		4		4	
Nine	40	20	20		20		4	4		4		4		4		5		5	
Ten	37	19	19		19		2	2		2		2		2		4		4	
Eleven	44	22	22		22		3	3		3		3		3		4		4	
Twelve	28	14	14		14		4	4		4		4		4		4		4	
Totals	597	300	300	-	300	-	32	32	-	32	-	32	-	32	-	47	-	47	-
Percentage				0.00%		0.00%			0.00%		0.00%		0.00%		0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2022**

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Sample				Errors	Verified Documentation	Low Income	Errors	Verified Documentation
							Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided					
Kindergarten	49	25	25		25		2	2		2		4		4	
One	51	26	26		26		2	2		2		3		3	
Two	49	25	25		25		2	2		2		2		2	
Three	50	25	25		25		2	2		2		3		3	
Four	50	25	25		25		2	2		2		3		3	
Five	50	25	25		25		3	3		3		2		2	
Six	50	25	25		25		2	2		2		5		5	
Seven	51	26	26		26		2	2		2		3		3	
Eight	49	25	25		25		1	1		1		3		3	
Nine	39	20	20		20		3	3		3		4		4	
Ten	38	19	19		19		2	2		2		4		4	
Eleven	41	20	20		20		3	3		3		4		4	
Twelve	31	15	15		15		2	2		2		3		3	
Totals	598	301	301	-	301	-	28	28	-	28	-	43	-	43	-
Percentage				0.00%		0.00%			0.00%		0.00%				0.00%

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Findings and Recommendations:

1. Administrative Practices and Procedures

NONE

2. Financial Planning, Accounting and Reporting

NONE

3. School Purchasing

NONE

4. School Food Service

NONE

5. Student Body Activities

NONE

6. Application for State School Aid/Charter School Enrollment System/Charter School Aid

NONE

7. Pupil Transplantation

NONE

8. Facilities and Capital Assets

NONE

9. Miscellaneous

NONE

10. Status of Prior Year Audit Findings/Recommendations

NONE