

**INDEPENDENT AUDITOR'S MANAGEMENT
REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

JUNE 30, 2022

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of Board of Trustees
Achieve Community Charter School
County of Essex, New Jersey

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 Achieve Community Charter School (the "Charter School") in the County of Essex, State of New Jersey for the year ended June 30, 2022, and have issued our report thereon dated February 24, 2023.

As part of our audit, we performed procedures required by the State of 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 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.

A handwritten signature in black ink that reads "Leonora Galleros".

Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400

A handwritten signature in black ink that reads "Galleros Robinson CPAs, LLP".

Galleros Robinson CPAs, LLP
Certified Public Accountants

February 24, 2023
Cream Ridge, New Jersey

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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 of Achieve Community Charter School (the "Charter School"), and the records of the various funds under the auspices of the Board of Trustees.

Administrative Practices and Procedures

Insurance

Required insurance coverages are 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)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Christopher Lessard	School Business Administrator	\$175,000
Karen C. Johnson	School Treasurer	\$175,000

Adequate insurance is in effect with a duly licensed and authorized insurance company for all employees for the faithful performance of their duties.

Our 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. However, in accordance with the bill amendment on June 2021, Chapter 44 is only applicable to Charter Schools that has a collective bargaining agreement. Achieve Community Charter School do not have a collective bargaining agreement, this this provision is not applicable.

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any student attending the Charter School.

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting

Examination of Claims

Finding 2022-001*

In our review of claims and related supporting documents, we noted the following discrepancies:

- a. One (1) claim does not have approved purchase requisition form.
- b. One (1) claim does not have signed purchase order.
- c. One (1) claim does not have signed vendor's declaration form.
- d. One (1) claim does not have supporting invoice.
- e. One (1) claim does not have supporting check.

Recommendation

We recommend a review of vendor files to ensure that all supporting documents including approved purchase orders, vendor invoices and certifications are obtained and maintained. Further, expenses should always follow the Charter School's purchasing policy.

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 of 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.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2022, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable. No exception was noted in this area.

Travel Policy

A travel policy was adopted by the Board as required by *N.J.A.C. 6A:23A A-6.13* and *N.J.S.A. 18A:11-12*.

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

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 all expenditures included in our compliance and single audit testing procedures.

In addition, we randomly selected 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 1.90 percent overall was noted, and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

We reviewed the Board Secretary's financial and accounting records maintained by the Business Office and noted that monthly reports are provided to the Board for review and approval. We noted the exceptions below.

Finding 2022-002*

The July 2021 Board Secretary's Report and bank account reconciliation report were not timely presented to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36).

Recommendation

The monthly financial reports should be presented timely to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36).

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

The ESEA 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.

Other Special Federal and/or State Projects

The Charter School's special projects were approved as listed on Schedules A and B 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.

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

Teachers' Pension Annuity Fund (T.P.A.F.) Reimbursement

Our audit procedures included a test of the electronic reimbursements filed with the Department of Education for Charter School employees who are members of the Teacher's Pension Annuity Fund. We noted no exceptions.

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 or state that no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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.

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.

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

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service

The Charter School's food service is administered by the Marion P. Thomas Charter School (MPTCS). The financial transactions, lunch applications for free and reduced meals, and statistical records related to the school food service are maintained by MPTCS.

Charter School Enrollment System/Charter School Aid

Our audit procedures included tests of information reported on October 15th and the last day of the school year for enrolled, special education, bilingual and low-income students. We also performed a review of the Charter School's procedures related to its completion.

Finding 2022-003*

In our review of enrollment information as reported in the CHE and as per school records, we noted the following:

- a. There were nine (9) student in CHE that student files were not provided.
- b. There were 29 students in CHE with no birth certificate on file.
- c. There were three (2) students in CHE with no proof of address on file.
- d. There were 10 students with either one (1) or two (2) proof of address only. The Charter School requires three (3) proof of addresses for new students.
- e. Three (3) students were classified "free" in CHE but should have been classified as "denied" based on the completed household information survey.
- f. Two (2) students were classified "free" in CHE but should have been classified as "reduced" based on the completed household information survey.
- g. Five (5) students were classified "reduced" in CHE but should have been classified as "free" based on the completed household information survey.
- h. There were two (2) Special Education students that did not have an IEP effective October 15, 2021.
- i. Two (2) students had ADE of 1.0 in CHE but only 0.4 in the Charter School's attendance records.
- j. One (1) student had ADE of 0.0 in CHE but was in the Charter School's attendance records.

Recommendation

We recommend that the Charter School review the System entries for accurate posting of student information in the System. We also recommend review procedures for file maintenance. Reconciliation and review procedures of information should also be conducted on a periodic basis.

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Student Body Activities

Student activities during the fiscal year ended June 30, 2022 were accounted for. No exceptions were noted in this area.

Facilities and Capital Assets

The Charter School has inventory records of assets. No exception was noted in this area.

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.


Follow-up on Prior Year Findings


In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations. Corrective actions had been completed or are still in process on prior year findings, with the exception of those that are identified as repeat (*) or partially similar to findings in this year's recommendation.

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 our audit team.

Respectfully submitted,


Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400


Galleros Robinson CPAs, LLP
Certified Public Accountants

February 24, 2023
Cream Ridge, New Jersey

**ACHIEVE COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2021**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 10/15/21			Verified signed registration forms			Verified # days enrolled		Submission to DOE Reported Special Ed/ Bilingual			Verified documentation		Verified # days Service Provided		Low Income		Verified documentation		Errors
		Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors			
Kindergarten	60	60	-	30	30	-	30	-	1	1	-	1	-	58	58	-							
One	50	48	2	25	23	2	25	-	1	1	-	1	-	45	45	-							
Two	61	60	1	31	30	1	31	-	1	1	-	1	-	55	55	-							
Three	55	54	1	28	27	1	28	-	5	5	-	5	-	52	52	-							
Four	63	62	1	32	31	1	32	-	10	9	1	10	-	61	61	-							
Five	65	62	3	33	30	3	33	-	12	11	1	12	-	62	60	2							
Seven	34	34	-	16	16	-	16	-	4	4	-	4	-	33	32	1							
Eight	63	62	1	31	30	1	31	-	8	8	-	8	-	64	64	-							
Total	451	442	9	226	217	9	226	-	42	40	2	42	-	430	427	3							
Percentage			2%			4%		0%			5%		0%			1%							

**ACHIEVE COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2022**

Grades	Submission to DOE reported On Roll		50% Verification required 6/30/22						Submission to DOE Reported Special Ed/ Bilingual				Low Income			
	Reported on workpapers	Errors	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Verified # days Service Provided	Errors	Verified documentation	Errors	Verified documentation	Errors	Income	documentation	Errors	
Kindergarten	60	60	-	30	30	-	30	-	1	1	-	1	-	58	58	-
One	54	52	2	27	27	-	27	-	1	1	-	1	-	45	45	-
Two	62	61	1	31	31	-	30	1	1	1	-	1	-	55	55	-
Three	56	55	1	28	28	-	28	-	5	5	-	5	-	52	52	-
Four	63	62	1	32	32	-	32	-	10	9	1	10	-	61	61	-
Five	66	63	3	33	33	-	33	-	12	11	1	12	-	62	60	2
Seven	38	38	-	19	19	-	19	-	5	5	-	5	-	33	32	1
Eight	64	63	1	32	32	-	32	-	8	8	-	8	-	64	64	-
Total	463	454	9	232	232	-	231	1	43	41	2	43	-	430	427	3
Percentage			2%			0%		0%			5%		0%			1%

**ACHIEVE COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2022

SECTION 1

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 6,809,927 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ - (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ - (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ - (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ - (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 896,538 (B2a)
Assets Acquired Under Capital Leases	\$ - (B2b)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 5,913,389 (B3)
2% of Adjusted 2021-22 General Fund Expenditures [(B3) times .02]	\$ 236,536 (B4)
Enter Greater of (B4) or \$250,000	\$ 250,000 (B5)
Increased by: Allowable Adjustment *	\$ - (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 250,000 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 2,257,811 (C)
Decreased by:	
Year-end Encumbrances	\$ - (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ - (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ - (C3)
Other Restricted Fund Balances ****	\$ - (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ - (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 2,257,811 (U1)
Excess Surplus (Deficiency) at June 30, 2022	\$ 2,007,811

SECTION 3

Restricted Fund Balance – Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ - (E)
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Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ - (C3)
Reserved Excess Surplus ***[(E)]	\$ - (E)
Total Excess Surplus [(C3) + (E)]	\$ - (D)

Charter schools are not subject to the excess surplus limitations. Accordingly, charter school and renaissance school project auditors are not required to document the calculation of excess surplus.

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

AUDIT RECOMMENDATION SUMMARY

FOR THE YEAR ENDED JUNE 30, 2022

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting*

1. We recommend a review of vendor files to ensure that all supporting documents including approved purchase orders, vendor invoices and certifications are obtained and maintained. Further, expenses should always follow the Charter School's purchasing policy.
2. The Board Secretary's and financial reports should be presented monthly to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36).

III. School Purchasing Programs

There are none.

IV. School Food Service*

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

N/A.

VII. Charter School Enrollment System/Charter School Aid

3. We recommend that the Charter School review the System entries for accurate posting of student information in the System and improve filing of student records. Reconciliation and review procedures of information should also be conducted on a periodic basis.

**ACHIEVE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY**

AUDIT RECOMMENDATION SUMMARY - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2022

VIII. Pupil Transportation

N/A.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Status of Prior Year Finding

Corrective actions had been completed or are still in process on prior year findings, with the exception of those that are identified as repeat (*) or partially similar to findings in this year's recommendation.