

**COMMUNITY CHARTER
SCHOOL OF PATERSON**

**Auditors' Management Report
On
Administrative Findings
Financial, Compliance
And Performance
June 30, 2023**

COMMUNITY CHARTER SCHOOL OF PATERSON
Auditors' Management Report On Administrative Findings
Financial, Compliance and Performance
For the Year Ended June 30, 2023

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Tax Identification Number: 26-1132409	

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Report of Independent Auditor

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, 2023, and have issued my report thereon dated January 15, 2024.

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

January 15, 2024
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
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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 School Business Administrator. The Charter School's Chapter 44 data was submitted timely.

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 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 material 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.

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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 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 observations:

Observation 2023-001 – Repeat Observation

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, 2023. 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.

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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.

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 \$20,200 for 2022-2023.

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 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

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.

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The school food service program was not selected as a major federal program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, I inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions noted.

I 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.

I 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. I 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. I 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 ACFR.

Student Body Activities

My audit revealed some student body activities during the fiscal year ended June 30, 2023 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.

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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. The following was the status of the prior year 2022 observation:

TPAF Reimbursement to the State for Federal Salary Expenditures

Observation 2022-001- Repeat Observation

During the prior year ended June 30, 2022, 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 was not been paid to the State as of the date of my report. I recommended 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.

This finding existed for the current year ended June 30, 2023.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2022-2023 fiscal year.

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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 large initial "G" and "L".

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Application for Charter School Aid
Schedule of Audited Enrollments
Enrollment Count as of October 15, 2022

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	98	49	49	-	49	-	2	2	-	2	-	30	30	-
One	97	49	49	-	49	-	3	3	-	3	-	40	40	-
Two	98	49	49	-	49	-	2	2	-	2	-	37	37	-
Three	101	51	51	-	51	-	8	8	-	8	-	38	38	-
Four	94	47	47	-	47	-	5	5	-	5	-	33	33	-
Five	100	50	50	-	50	-	5	5	-	5	-	34	34	-
Six	100	50	50	-	50	-	5	5	-	5	-	31	31	-
Seven	98	49	49	-	49	-	12	12	-	12	-	30	30	-
Eight	100	50	50	-	50	-	6	6	-	6	-	31	31	-
Total	886	444	444	0	444	0	48	48	0	48	0	304	304	0
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	98	49	49	-	49	-	2	2	-	2	-	29	29	-
One	97	48	48	-	48	-	3	3	-	3	-	40	40	-
Two	98	49	49	-	49	-	2	2	-	2	-	36	36	-
Three	101	50	50	-	50	-	7	7	-	7	-	38	38	-
Four	94	47	47	-	47	-	5	5	-	5	-	32	32	-
Five	100	50	50	-	50	-	4	4	-	4	-	34	34	-
Six	100	50	50	-	50	-	5	5	-	5	-	31	31	-
Seven	98	49	49	-	49	-	11	11	-	11	-	30	30	-
Eight	100	50	50	-	50	-	5	5	-	5	-	31	31	-
Total	886	442	442	0	442	0	44	44	0	44	0	301	301	0
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

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Audit Recommendations Summary

Findings and Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

TPAF Reimbursement to the State for Federal Salary Expenditures

Observation 2023-001- Repeat Observation

During the current year ended June 30, 2023, 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, 2023. 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.

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

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9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

TPAF Reimbursement to the State for Federal Salary Expenditures

Observation 2022-001- Repeat Observation

During the prior year ended June 30, 2022, 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 was not been paid to the State as of the date of my report. I recommended 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.

This observation existed for the current year ended June 30, 2023.