

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

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**LINK COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX**

JUNE 30, 2023

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of Board of Trustees
Link 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 Link Community Charter School (the "Charter School"), in the County of Essex, State of New Jersey for the year ended June 30, 2023, and have issued our report thereon dated January 31, 2024.

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". The signature is written in a cursive style and is positioned above a horizontal line.

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

A handwritten signature in black ink that reads "Galleros Robinson CPAs, LLP". The signature is written in a bold, cursive style and is positioned above a horizontal line.

Galleros Robinson CPAs, LLP
Certified Public Accountants

January 31, 2024
Cream Ridge, New Jersey

**LINK 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 Link 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 ACFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bima Baje	School Business Administrator	\$250,000

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

Tuition Charges

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

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.

Finding 2023-001*

In our review of claims, we noted that there were three (3) of 40 claims examined that have invoices for goods or services dated before the purchase orders.

Recommendation

We recommend that purchasing of goods or services expenses should always follow the Charter School's purchasing policy.

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

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

Financial Planning, Accounting, and Reporting - Continued

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 premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board who then deposits 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, 2023, 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*.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* and line item details as described in the Budget Summary Key as part of our test of transactions of judgmentally selected expenditure items.

We also reviewed coding of all expenditures included in our Compliance and Single Audit testing procedures. In addition to the selected expenditures items, we specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.2*. No exceptions noted.

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.

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and were presented to the Board by the School Business Administrator/Board Secretary.

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

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

Financial Planning, Accounting, and Reporting - Continued

Elementary and Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA)

The ESEA 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 and IV of the ESEA 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 ACFR. 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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

During our audit, we noted that the Digital Divide grant funding was not spent and correctly classified as due to grantor in the ACFR. We recommend that management contact the funder on the procedure to return the unused funds.

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

Our audit procedures included a test of the bi-monthly reimbursements filed with the Department of Education for Charter School employees who are members of the Teachers' Pension and Annuity Fund. No exceptions noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report(s) for all federal awards for 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 90 days required by the Office of Grants Management. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

Finding 2023-002

In our review of expenditure, we noted that the reimbursement for the fiscal year 2022 and 2023 were not paid prior to the end of the 90-day reimbursement period required by the Office of Grants Management.

Recommendation

We recommend that the Charter School follow the 90-day reimbursement period required by the Office of Grants Management.

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

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

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 for 2022-23.

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.

School Food Service

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 not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we 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 exception noted.

We 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 exception noted.

Non-program foods were not purchased, prepared, sold, or offered for sale, comment in kind.

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

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

School Food Service - Continued

We 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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

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 2023-003*

In our review of student files while performing state enrollment related procedures we noted the following:

- a. One (1) student sample selected has no birth certificate on file.
- b. Three (3) student samples selected were classified as "free" in CHE but should have been classified as "denied" since there were no application forms on file.
- c. One (1) student sample selected was classified as "denied" in CHE but should have been classified as "free" based on Direct Certification list provided.
- d. Two (2) student samples selected were classified as "denied" in CHE but should have been classified as "free" based on the completed application form provided.
- e. Two (2) student samples selected were classified as "free" in CHE but should have been classified as "reduced" based on the completed application form provided.
- f. Four (4) student samples selected were classified as "denied" in CHE but should have been classified as "reduced" based on the completed application form provided.

Recommendation

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. We also recommend that the Charter School verify that CHE reported to the State is in accordance with the most recent student records for the fiscal year.

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

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

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 school district 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 Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective actions had been completed and implemented on prior year findings.

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

January 31, 2024
Cream Ridge, New Jersey

**LINK COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2022**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 10/15/22			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	
Kinder	37	37	0	19	19	0	19	0	2	2	0	2	0	25	25	0	25	0	25	25	0	25	0	25	25	0		
One	36	36	0	18	18	0	18	0	4	4	0	4	0	25	25	0	25	0	25	25	0	25	25	0	25	25	0	
Two	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Three	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Four	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Five	52	52	0	26	26	0	26	0	3	3	0	3	0	36	37	-1	36	0	37	40	-3	36	37	40	-3	36	37	
Six	53	53	0	27	27	0	27	0	10	10	0	10	0	37	40	-3	37	0	40	64	-1	37	40	64	-1	37	40	
Seven	80	80	0	40	40	0	40	0	10	10	0	10	0	63	64	-1	63	0	64	64	-1	63	64	64	-1	63	64	
Eight	77	77	0	38	38	0	38	0	7	7	0	7	0	65	64	-1	65	0	64	64	-1	65	64	64	-1	65	64	
Total	335	335	0	168	168	0	168	0	36	36	0	36	0	251	255	-4	251	0	255	255	-4	251	255	255	-4	251	255	
Percentage			0.0%			0%		0%			0%		0%			0%												-2%

**LINK COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2023**

Grades	Submission to DOE reported On Roll		50% Verification required 6/30/23				Submission to DOE Reported Special Ed/ Bilingual				Low Income					
	Reported on workpapers	Errors	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors			
Kinder	38	38	0	19	19	0	19	0	2	2	0	2	0	26	26	0
One	36	36	0	18	18	0	18	0	4	4	0	4	0	25	25	0
Two	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Three	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Four	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Five	49	49	0	25	25	0	25	0	3	3	0	3	0	36	37	-1
Six	52	52	0	26	26	0	26	0	12	12	0	12	0	38	41	-3
Seven	80	80	0	40	40	0	40	0	10	10	0	10	0	64	65	-1
Eight	77	77	0	38	38	0	38	0	7	7	0	7	0	65	64	1
Total	332	332	0	166	166	0	166	0	38	38	0	38	0	254	258	-4
Percentage			0.0%			0%		0%			0%		0%			-2%

LINK COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)

EXCESS SURPLUS CALCULATION

June 30, 2023

SECTION 1

A. 4% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 6,886,256 (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	\$ 1,037,541 (B2a)
Assets Acquired Under Capital Leases	\$ - (B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 5,848,715 (B3)
4% of Adjusted 2022-23 General Fund Expenditures [(B3) times .04]	\$ 233,949 (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 @ 6/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 1,675,811 (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)]	\$ 1,675,811 (U1)
Excess Surplus at June 30, 2023	\$ 1,425,811

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, 2023

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.

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

AUDIT RECOMMENDATIONS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2023

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. We recommend that purchasing of goods or services expenses should always follow the Charter School's purchasing policy*.
2. The Charter We recommend that the Charter School follow the 90-day reimbursement period required by the Office of Grants Management.

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 (CHE)

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. We also recommend that the School verify that CHE reported to the State is in accordance with the most recent student records for the fiscal year.*

VIII. Pupil Transportation

N/A.

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

AUDIT RECOMMENDATIONS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2023

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

None

XI. Status of Prior Year Findings

A review was performed on all prior year recommendations. Corrective actions had been completed or are still in process on prior findings, with the exception of those that are identified as repeat or partially similar to findings in this year's recommendation. Repeat recommendations are identified with an asterisk (*).