

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

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC**

JUNE 30, 2023

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable President and
Members of the Board of Trustees
Classical Academy Charter School of Clifton
County of Passaic, 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 Classical Academy Charter School of Clifton (the "Charter School") in the County of Passaic, State of New Jersey for the year ended June 30, 2023, and have issued our report thereon dated January 30, 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".

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

January 30, 2024
Cream Ridge, New Jersey

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY**

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

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 Classical Academy Charter School of Clifton (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>
Bernadette Pinto	School Business Administrator	\$165,000

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. In accordance with the bill's amendment on June 2021, Charter School employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44, July 1, 2020. For the year ended June 30, 2023, the Charter School has a collective negotiation agreement with employees, this Chapter 44 requirement applies.

The data submitted did include all health benefit plans offered by Charter School.

The Charter School project data certification was completed by the Chief School Administrator. The Charter School project 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.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY**

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

Financial Planning, Accounting, and Reporting

Examination of Claims

Upon examination of claims paid during the period under audit, we noted that claims were approved by designated individuals, certified, and supporting documents were maintained. The following exceptions were noted:

Finding 2023-001*

During our audit, we observed that six (6) of 40 claims tested have invoices dated earlier than the purchase order dates.

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 premium amounts withheld 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, 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*.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, 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) 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:23A-8.3. As a result of the procedures performed, we noted no deviations in expenditure or administrative coding classifications.

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.

Finding 2023-002*

The fiscal year 2022 audit adjustments were not completely recorded in the Charter School's accounting system. The beginning balances were corrected during the fieldwork. In addition, we noted that the Charter School has several interfund transactions. These interfund accounts were not periodically reconciled during the fiscal year. As a result, adjusting journal entries were needed to correct the balances of certain reciprocal interfund activities.

Recommendation

The Charter School should record audit adjustments in its accounting system and in the correct period. We also recommend more frequent analyses of interfund activities during the fiscal year and a final analysis at year-end as part of the closing process to minimize year-end audit journal entries.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY**

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

Financial Planning, Accounting, and Reporting - Continued

Treasurer's Records

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

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

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 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 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.

Finding 2023-003*

Upon review of the Special Revenue Fund, it was noted that there were Special Revenue Fund expenses that were recorded in the General Fund and vice versa. In addition, we also noted that there are salaries expenses that were misclassified as purchased services and supplies, and grant budgets were not timely updated in the accounting system. These resulted to various adjusting journal entries from management to correct revenue and expenses of the Special Fund Revenue.

Recommendation

We recommend that books and records of the Special Revenue Fund are timely updated.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our 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 were noted.

TPAF Reimbursement to State for Federal Salary Expenditures

During the fiscal year, the Charter School did not charge TPAF employees in its federally funded programs, thus, no reimbursement was necessary.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, 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

The Charter School's food service is administered by the West Orange Public Schools (School District). The financial transactions, lunch applications for free and reduced meals, and statistical records related to the school food service are maintained by the School District.

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.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY**

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

Charter School Enrollment System/Charter School Aid - continued

Finding 2023-004*

In our review of enrollment information as reported in the Charter School Enrollment System ("CHE") and as per school records, we noted the following:

- a. The proof of address for four (4) students indicated a different district from their enrolled district in CHE.
- b. There were six (6) Special Education students with Individualized Education Program (IEP) effective as of October 15, 2022, that do not have parent and/or social worker's signature.
- c. One (1) Special Education student has no IEP effective October 15, 2022 on file.
- d. Three (3) students were classified as "free" in CHE but should have been classified as "reduced" based on the completed household information survey.
- e. There were six (6) Household Information Surveys that do not have signatures of the designated school official.
- f. Three (3) students had an actual Average Daily Enrollment (ADE) of 1.0 per the Charter School's attendance register but ADE in the June 30, 2023 CHE were below 1.0.

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

Student Body Activities

Student activities during the fiscal year ended June 30, 2023 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.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY**

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

Follow-up on Prior Year's 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 (with asterisk *).

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 30, 2024
Cream Ridge, New Jersey

**CLASSICAL ACADEMY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2022**

Grades	Submission to DOE reported On Roll			50% Verification required 10/15/22					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	Income	Verified documentation	Errors		
Six	61	61	-	31	31	-	31	-	4	4	-	4	-	13	13	-
Seven	43	43	-	22	22	-	22	-	5	4	1	3	1	8	8	-
Eight	59	59	-	29	29	-	29	-	1	1	-	1	-	17	17	-
Total	163	163	-	82	82	-	82	-	10	9	1	8	1	38	38	-
Percentage			0.0%			0%		0%			10%		11%			0%

**CLASSICAL ACADEMY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2023**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 6/30/23				Submission to DOE Reported Special Ed/ Bilingual					Low Income			
		Errors	Errors	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Verified documentation	Errors	Verified # days Service Provided	Errors	Income	Verified documentation	Errors		
Six	60	60	-	30	30	-	29	1	4	4	-	4	-	5	5	-
Seven	44	44	-	22	22	-	20	2	5	4	1	3	1	8	8	-
Eight	58	58	-	28	28	-	28	-	-	-	-	-	-	17	17	-
Total	162	162	-	80	80	-	77	3	9	8	1	7	1	30	30	-
Percentage			0.0%			0%		4%			11%		13%			0%

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2023

SECTION 1

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1		\$ 2,066,484 (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	\$ 449,557	(B2a)
Assets Acquired Under Capital Leases	\$ _____	- (B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 1,616,927	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	\$ 32,339	(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)	\$ 2,222,058	(C)
Decreased by:		
Year-end Encumbrances	\$ 85,873	(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)]		\$ 2,136,185 (U1)
Excess Surplus at June 30, 2023		\$ 1,886,185

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 auditors are not required to document the calculation of excess surplus.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, 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 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 Charter School should record audit adjustments in its accounting system and in the correct period. We also recommend more frequent analyses of interfund activities during the fiscal year and a final analysis at year-end as part of the closing process to minimize year-end audit journal entries*.
3. We recommend that books and records of the Special Revenue Fund are timely updated*.

III. School Purchasing Programs

There are none.

IV. School Food Service

There are none.

V. Charter School Enrollment System/Charter School Aid

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

VI. Pupil Transportation

Not Applicable.

VII. Miscellaneous

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

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.