

**NEW HORIZONS COMMUNITY CHARTER SCHOOL  
AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS  
FINANCIAL COMPLIANCE AND PERFORMANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

**XI. AUDITORS MANAGEMENT REPORT ON ADMINISTRATION FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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**REPORT OF INDEPENDENT AUDITORS**

The Honorable Chairman and  
Members of the Board of Trustees  
New Horizons Community Charter School  
County of Essex  
Newark, New Jersey

I 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 New Horizons Community Charter School, in the County of Essex, for the year ended June 30, 2023 and have issued my report thereon dated February 26, 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 New Horizons Community 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.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo  
Certified Public Accountant

February 26, 2024

**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, and the records of the various funds under the auspices of the Board of Trustees.

**Administrative Practices and Procedures**

Insurance

Various fire and liability insurance coverage was carried in the amounts as detailed in the Insurance Schedule contained in the Charter School’s Annual Comprehensive Financial Report (ACFR). See Exhibit J-20.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Position</u>	<u>Amount</u>
Board Secretary/School Business Administrator, Treasurer	\$250,000

P.L.2020,c.44

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.

The data submitted did include all health benefit plans offered by charter school.

The charter school data certification was completed by the school business administrator. The charter school project Chapter 44 data was submitted timely.

**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 Accounts

The net salaries of all employees of the Charter School were deposited in the Payroll Account. Employees payroll deductions and employees share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit 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 issued purchase orders was made as of June 30, 2023 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted during my review.

### Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the *N.J.A.C. 6A:23A-16.2(f)* 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, if applicable. 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:23A-8.3*. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

#### **a) General Classification Findings**

#### **b) Administrative Classification Findings**

##### **Finding #2023-001**

During my test of transactions, it was noted that there were several misclassifications of general and administrative expenditures. Subsequently, the expenditure and related appropriation were reclassified prior to the issuing of the report.

##### **Recommendation**

It is recommended that the Charter School reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with *N.J.A.C. 6A:23A-16.2(f)*.

##### **Management Response**

Management has implemented procedures to ensure that expenditures are properly classified and appropriated according to the reference material guidelines.

### Board Secretary's Records

In planning and performing my audit of the financial statements of the Charter School, I considered the condition of the Board Secretary's records for the purpose of expressing my opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, I have no comments.

### Account Analysis Schedule Presentation

##### **Finding #2023-002**

It was noted that several Balance Sheet account analysis schedules for all funds were not reconciled to the General Ledger promptly during the year.

### Recommendation

Balance sheet accounts should be prepared and reconciled monthly to the General Ledger on a current basis.

### Management Response

Management has implemented procedures to ensure that all balance sheet accounts are reconciled accurately and promptly on a monthly basis.

### Treasurer's Records

In planning and performing my audit of the financial statements of the Charter School, I considered the condition of the Treasurer's Records for the purpose of expressing my opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, I have no comments.

### 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 the various applicable programs of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of non compliance and/or questionable costs.

### Other Special Federal and/or State Projects

The charter school's other 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.

The study of compliance for the special projects indicated no areas of non compliance.

### T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the New Horizons Community Charter School employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

The amount of the expenditure charged to the current year's Final Report 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. 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 is available on the NJ Local Agency Procurement Laws webpage: <https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us/>) website.

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.

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Charter School to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Charter School 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.

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

The system of records did not provide for an accumulation of purchases for which the Charter School used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. My audit did reveal however, that the Charter School did make purchases under State contracts and cooperative purchasing agreements.

### **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, 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. Exceptions were not 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. Exceptions were not noted.

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

Net cash resources did not exceed three months average expenditures.

I inquired of management about the public health emergency procedures 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. The charter school's food service provider is not a FSMC.

### **Student Body Activities**

The Charter School does not have any student activity funds.

### **Enrollment Counts and Submissions to the Department**

My audit procedures included a test of enrollment information on October 15, 2022, and the last day of school for on roll, special education, bilingual and low-income students and a review of the Charter School's procedures related to its completion.

The charter school maintained workpapers on the prescribed state forms or the equivalent and their written procedures appear to be adequate for the recording of student enrollment data.

The results of our procedures are presented in the Schedule of Audited Enrollments.

### **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)

### **Suggestions to Management:**

#### **COVID-19 Federal Funding**

It is likely that the Charter School will undergo some review of its COVID-19 federal funding if only at a



desk review level by state and/or federal agencies. We strongly suggest that the Charter School ensures that these funds are utilized in accordance with the applicable federal requirements, especially with respect to procurement. Additionally, we strongly suggest that the Charter School ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

#### **Follow-up on Prior Year Findings**

In accordance with *Government Auditing Standards*, my procedures included a review of all prior year audit recommendations including findings. Corrective action has been taken on all prior year findings.

#### **Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2023.

## ACKNOWLEDGEMENT

I received the complete cooperation of all the officials of the school and I greatly appreciate the courtesies extended to me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo  
Certified Public Accountant  
Licensed Public School Accountant No. 20CS00206400

NEW HORIZONS COMMUNITY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF OCTOBER 15, 2022

Grades	<u>1</u>	<u>2</u>		<u>2a</u>		<u>2b</u>		<u>2c</u>		<u>3</u>		<u>3a</u>		<u>3b</u>		<u>4</u>		<u>4a</u>	
	Submission to DOE reported On Roll	Reported on workpapers	Errors	50% Verification required 10/15/22	Verified signed registration forms	Errors	Verified # days enrolled	Errors	to DOE Reported Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors			
Pre Kindergarten																			
Kindergarten	31	16	0	16	16	0	16	0	0	0	0	0	0	14	14	0			
One	34	17	0	17	17	0	17	0	1	1	0	1	0	15	15	0			
Two	19	10	0	10	10	0	10	0	0	0	0	0	0	9	9	0			
Three	33	17	0	17	17	0	17	0	1	1	0	1	0	16	16	0			
Four	51	26	0	26	26	0	26	0	0	0	0	0	0	23	23	0			
Five	42	21	0	21	21	0	21	0	1	1	0	1	0	17	17	0			
Six	67	34	0	34	34	0	34	0	2	2	0	2	0	26	26	0			
Seven	52	26	0	26	26	0	26	0	4	4	0	4	0	20	20	0			
Eight	48	24	0	24	24	0	24	0	1	1	0	1	0	20	20	0			
Nine																			
Ten																			
Eleven																			
Twelve																			
<b>Total</b>	<b>377</b>	<b>191</b>	<b>0</b>	<b>191</b>	<b>191</b>	<b>0</b>	<b>191</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>160</b>	<b>160</b>	<b>0</b>			
Percentage			0.0%			0%		0%			0%		0%			0%			

NEW HORIZONS COMMUNITY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL

<u>1</u>		<u>2</u>		<u>2a</u>		<u>2b</u>		<u>2c</u>		<u>3</u>		<u>3a</u>		<u>3b</u>		<u>4</u>		<u>4a</u>		
Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 6/30/23	Verified signed registration forms	Verified # days enrolled		Submission to DOE Reported Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors					
			Errors			Errors														
Pre Kindergarten																				
Kindergarten	31	15	0	15	15	0	15	0	0	0	0	0	0	13	13	0				
One	34	17	0	17	17	0	17	0	0	0	0	0	0	14	14	0				
Two	19	9	0	9	9	0	9	0	0	0	0	0	0	8	8	0				
Three	33	16	0	16	16	0	16	0	1	1	0	1	0	15	15	0				
Four	51	25	0	25	25	0	25	0	0	0	0	0	0	22	22	0				
Five	42	21	0	21	21	0	21	0	1	1	0	1	0	17	17	0				
Six	67	33	0	33	33	0	33	0	2	2	0	2	0	25	25	0				
Seven	52	26	0	26	26	0	26	0	3	3	0	3	0	20	20	0				
Eight	48	24	0	24	24	0	24	0	1	1	0	1	0	20	20	0				
Nine																				
Ten																				
Eleven																				
Twelve																				
<b>Total</b>	<b>377</b>	<b>186</b>	<b>0</b>	<b>186</b>	<b>186</b>	<b>0</b>	<b>186</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>154</b>	<b>154</b>	<b>0</b>				
Percentage			0.0%			0%		0%			0%		0%							0%

**NEW HORIZONS COMMUNITY CHARTER SCHOOL**  
**Net Cash Resource Schedule**  
**Net cash resources did not exceed three months of expenditures**  
**Proprietary Funds - Food Service**  
**For the Fiscal Year Ending June 30, 2023**

**NOT APPLICABLE**

**NEW HORIZONS COMMUNITY CHARTER SCHOOL  
AUDIT SYNOPSIS RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

**Finding #2023-001**

During my test of transactions, it was noted that there were several misclassifications of general and administrative expenditures. Subsequently, the expenditure and related appropriation were correctly reclassified prior to the issuing of the report.

**Recommendation**

It is recommended that the Charter School reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23A-16.2(f).

**Finding #2023-002**

It was noted that several Balance Sheets account analysis schedules for all funds were not reconciled to the General Ledger promptly during the year.

**Recommendation**

Balance sheet accounts for all funds should be prepared and reconciled monthly to the General Ledger on a current basis.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

N/A to charter schools.

**NEW HORIZONS COMMUNITY CHARTER SCHOOL  
AUDIT SYNOPSIS RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

7. Charter School Enrollment system (CHE)

None

8. Pupil Transportation

N/A to charter schools.

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. Status of Prior Year's Findings/Recommendations

Corrective action has been taken on all prior year findings.