

UNITY CHARTER SCHOOL
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2023

Barre & Company LLC
Certified Public Accountants & Consultants

UNITY CHARTER SCHOOL

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

Table of Contents

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit.....	2
Administrative Practices and Procedures	2
Insurance	2
Official Bonds.....	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting	2
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures	3
▪ General Classifications.....	3
▪ Administrative Classifications	3
Board Secretary's Records	3
Treasurer's Records (if the charter school has a treasurer).*	3
Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001.....	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement.....	4
School Purchasing Programs.....	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service.....	5
After Care	6
Student Body Activities	6
Enrollment Counts and Submissions to the Department	6
Pupil Transportation.....	N/A
Facilities and Capital Assets	N/A
Miscellaneous	N/A
Follow-up on Prior Year Findings	6
Acknowledgment.....	7
Schedule of Meal Count Activity.....	N/A
Net Cash Resource Schedule	N/A
Schedule of Audited Enrollments	8
Excess Surplus Calculation.....	N/A
Audit Recommendations Summary	10

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
FAX – 908-686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

Report of Independent Auditors


Honorable President and
Members of the Board of Trustees
Unity Charter School
Morris Township, New Jersey

We 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 Unity Charter School in the for the year ended June 30, 2023, and have issued our report thereon dated February 5, 2024.

As part of our audit, we 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 Unity 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.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-O1181

Union, New Jersey
February 5, 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

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:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Donald Goncalves	Business Administrator	\$146,750.00
Christopher Lessard	Treasurer	\$146,750.00

Tuition Charges

A review of financial statements indicated that the Charter School charged no tuition for any student attending the Charter School and all proceeds for a before/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.

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 in 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 treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted during our review.

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 the all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting 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% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

Finding Item #2023-001 (ACFR Finding #2023-001).

That the school properly records expenditures to their appropriate funds.

Recommendations:

Strengthen internal controls over the recording and monitoring of expenses to prevent future misclassifications. This may involve implementing segregation of duties, enhancing review procedures, and providing training to staff responsible for fund accounting.

B. Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed Exceptions were found as follow:

Finding Item #2023-002 (ACFR Finding #2023-002)

The Charter School has not maintained an accurate capital asset listing

Recommendations:

That the Charter School maintains an accurate capital asset listing for all assets.

Treasurer's Records

There were no items noted during our review of the records of the Treasurer.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB 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.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable cost.

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Schedule A and Schedule B located in the ACFR.

Our audit of the federal and state funds on a test basis, indicated the 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 did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but Charter Schools can print out the DOENET screen for an auditor) filed with the Department of Education for Charter School employees who are members of the Teachers' Pension and Annuity Fund. 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 (as of June 2007) is available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature website at:
http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of *N.J.S.A. 18A:18A-3* and 4.

Administrative Findings – Financial, Compliance and Performance

School Purchasing Programs (Continued)

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 2022-2023.

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 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:18A-5*.

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 (new) 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,

Administrative Findings – Financial, Compliance and Performance

School Food Service (Continued)

as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. There were no exceptions 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 exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices 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.

No Exceptions Noted.

After Care

An additional "business" operation is also established as the Charter School maintains an After Care program through its Enterprise Account, whereby the school provided supervisory services after school hours, for its students and their families. As per prior years, while a separate bank account is not required for this operation, it has been recommended that the receipts and disbursements related to this business operation be separated out from the other Enterprise Programs, on all appropriate reports and statements. This has been effectively carried out by a separate and distinct prefix designation, for all accounts pertaining to the After Care Program.

Student Body Activities

During our review of the student activity funds, there were no items noted.

Enrollment Counts and Submissions to the Department

Our audit procedures included a test of enrollment information reported on October 15, 2022 and the last day of school for on-roll, special education, bilingual and low-income.

Follow-up on Prior Year Findings

Not Applicable

Administrative Findings – Financial, Compliance and Performance

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 the audit team.

SCHEDULE OF AUDITED ENROLLMENTS

UNITY CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OCTOBER 15, 2022

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Sample				Errors	Verified Documentation	Low Income	Errors
							Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided				
Kindergarten	33	17	17		17		3	3		3		-		
One	35	18	18		18		4	4		4		-		
Two	29	15	15		15		5	5		5		2		2
Three	23	12	12		12		1	1		1		-		-
Four	33	17	17		17		11	11		11		6		6
Five	23	12	12		12		5	5		5		4		4
Six	28	14	14		14		9	9		9		2		2
Seven	29	15	15		15		7	7		7		2		2
Eight	30	15	15		15		9	9		9		3		3
Totals	263	132	132	-	132	-	54	54	-	54	-	19	-	19
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

UNITY CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2023

Grades	Submission to DOE Reported on Roll	Sample										Percentage		
		Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors		Low Income	Verified Documentation
Kindergarten	31	16	16		16		3	3		3		-		-
One	33	17	17		17		3	3		3		-		-
Two	27	14	14		14		5	5		5		2		2
Three	23	12	12		12		1	1		1		-		-
Four	30	15	15		15		9	9		9		6		6
Five	21	11	11		11		4	4		4		4		4
Six	27	14	14		14		8	8		8		2		2
Seven	28	14	14		14		6	6		6		2		2
Eight	29	15	15		15		8	8		8		3		3
Totals	249	125	125	-	125	-	47	47	-	47	-	19	-	19
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

**UNITY CHARTER SCHOOL
AUDIT RECOMMENDATION SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Findings and Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

There is two exceptions noted as item #2023-001 and #2023-002

#2023-001: That the school properly records expenditures to their appropriate funds.

#2023-002: That the Charter school maintains an accurate capital asset listing for all assets

3. School Purchasing Programs

None

4. School Food Service

None

5. After Care

None

6. Student Body Activities

None

7. Application for State School Aid/Charter School Enrollment System/Charter School Aid

None

8. Pupil Transportation

None

9. Facilities and Capital Assets

None

**UNITY CHARTER SCHOOL
AUDIT RECOMMENDATION SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Findings and Recommendations (Continued):

10. Miscellaneous

None

11. Status of Prior Year Audit Findings/Recommendations

Separate accounting was not maintained for each grant

Finding #2022-001

Status: Corrected