

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

AUDITOR'S MANAGEMENT REPORT

FISCAL YEAR ENDED JUNE 30, 2017

Barre & Company LLC
Certified Public Accountants & Consultants

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

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

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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
Barack Obama Green Charter High School
Union County, 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 Barack Obama Green Charter High School in the for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017.

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 Barack Obama Green Charter High 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
December 4, 2017

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 CAFR.

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

School Leaders Errors and Omissions Liability Insurance Coverage was carried for all members of the Board of Trustees with coverage for each wrongful act up to \$100,000. There is an Employee's Faithful Performance Blanket Position Bond Policy covering the Board Secretary and Treasurer for \$150,000 each and \$25,000 for all other employees.

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

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

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 no exceptions or discrepancies.

Treasurer's Records

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

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 CAFR. This section of the CAFR 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.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

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 CAFR.

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 CAFR. This section of the CAFR 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.

The bid thresholds in accordance with *N.J.S.A.18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,300 for 2016-2017.

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.

Administrative Findings – Financial, Compliance and Performance

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The Charter School utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process that Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming

Administrative Findings – Financial, Compliance and Performance

School Food Service (Continued)

requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

No Exceptions Noted.

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, 2016 and the last day of school for on-roll, special education, bilingual and low-income.

Follow-up on Prior Year Findings

There were seven (7) Findings and Recommendations cited in last years' audit report. Please note the following:

PRIOR YEAR FINDING #1

A Finding was reported in the audit report for the 2015-2016 school year, that total Instructional Expenditures was less than 60% of the Charter High School total expenditures for the 2015-2016 school year. A Corrective Action Plan (CAP) was adopted to address this Finding, and a copy of the CAP is attached to this AMR.

PRIOR YEAR FINDING #2

A Finding was reported in the audit report for the 2015-2016 school year, that two employees whose contracts were executed later than the employment start date, and further, than one employee who was eligible to participate in the NJ Pension system was not enrolled. This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

PRIOR YEAR FINDING #3

A Finding was reported in the audit report for the 2015-2016 school year that a total amount of \$90,894 remained uncollected. This amount represented outstanding reimbursement due from a grant recognized during 2015 for expenditures related to a local Workforce Program. Attempts were made to collect these monies, but it was deemed during the 2016-2017 school year that this amount was uncollectible, and as such, this amount was written off as an expense.

Administrative Findings – Financial, Compliance and Performance

Follow-up on Prior Year Findings (Continued)

PRIOR YEAR FINDING #4

A Finding was reported in the audit report for the 2015-2016 school year, that the amount of expenditure charged to that year's final reports for all federal awards to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the Charter School for those employees whose salaries were identified as being paid from federal funds was paid subsequent to the end of the 90-day grant liquidation period required by the Office of Grants Management. This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

PRIOR YEAR FINDING #5

A Finding was reported in the audit report for the 2015-2016 school year, citing four (4) issues with the School Purchasing Program: (1) payments to two vendors exceeded approved purchase order amounts; (2) 13 cash disbursements had vendor invoices dated earlier than the approved purchase orders; (3) payments to two professional service vendors exceeded contract amounts; (4) for a certain project management services contract for the Charter School facility project, there was no publicly advertised bid. This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

PRIOR YEAR FINDING #6

A Finding was reported in the audit report for the 2015-2016 school year that one student file could not be located and one student file did not include proof of address. This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

PRIOR YEAR FINDING #7

A Finding was reported in the audit report for the 2015-2016 school year that three students were classified as "Paid" instead of "Reduced or Free", and one student was classified as "Free" instead of "Paid." This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

Acknowledgement

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.

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY
BARACK OBAMA GREEN CHARTER HIGH SCHOOL
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| <u>Program</u> | <u>Meal Category</u> | <u>Meals Claimed</u> | <u>Meals Tested</u> | <u>Meals Verified</u> | <u>Difference</u> | <u>Rate</u> | <u>(Over) Under Claim</u> |
|---|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------|---------------------------|
| National School Lunch (Regular Rate) | Paid | 1,545 | 618 | 618 | - | 0.32 | \$ - |
| | Reduced | 2,027 | 811 | 811 | - | 2.78 | - |
| | Free | 20,480 | 6,144 | 6,144 | - | 3.18 | - |
| | TOTAL | 24,052 | 7,573 | 7,573 | - | | - |
| School Breakfast (Severe Need Rate) | Paid | 2,777 | 1,111 | 1,111 | - | 0.29 | \$ - |
| | Reduced | 1,930 | 772 | 772 | - | 1.74 | - |
| | Free | 13,417 | 4,025 | 4,025 | - | 2.04 | - |
| | TOTAL | 18,124 | 5,908 | 5,908 | - | | \$ - |
| TOTAL NET OVERCLAIM | | | | | | | \$ - |

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY
BARACK OBAMA GREEN CHARTER HIGH SCHOOL
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| <u>Program</u> | <u>Meal Category</u> | <u>Meals Claimed</u> | <u>Meals Tested</u> | <u>Meals Verified</u> | <u>Difference</u> | <u>Rate</u> | <u>(Over) Under Claim</u> |
|-----------------------|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------|---------------------------|
| State Reimbursement - | Paid | 1,545 | 618 | 618 | - | 0.040 | \$ - |
| National School Lunch | Reduced | 2,027 | 811 | 811 | - | 0.055 | - |
| (Regular Rate) | Free | 20,480 | 6,144 | 6,144 | - | 0.055 | - |
| | TOTAL | <u>24,052</u> | <u>7,573</u> | <u>7,573</u> | <u>-</u> | | <u>-</u> |
| TOTAL NET OVERCLAIM | | | | | | | <u>\$ -</u> |

SCHEDULE OF AUDITED ENROLLMENTS

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OCTOBER 15, 2016

| Grades | Submission to DOE Reported on Roll | Reported on Workpapers | Verified Signed Registration Forms | Errors | Verified # Days Enrolled | Special Ed/ Bilingual | Sample | | | | Low Income | Errors | Percentage |
|------------|--|---------------------------|---------------------------------------|--------|-----------------------------|--------------------------|---------------------------|--------|--|---------------------------|---------------|--------|------------|
| | | | | | | | Verified Documentation | Errors | Verified # of Days Service Provided | Verified Documentation | | | |
| Nine | 68 | 68 | 68 | | 68 | 1 | 1 | 1 | | 1 | 5 | 5 | |
| Ten | 55 | 55 | 55 | | 55 | 1 | 1 | 1 | | 1 | 5 | 5 | |
| Eleven | 52 | 52 | 52 | | 52 | 2 | 2 | 2 | | 2 | 5 | 5 | |
| Twelve | 60 | 60 | 60 | | 60 | 2 | 2 | 2 | | 2 | 5 | 5 | |
| Totals | 235 | 235 | 235 | - | 235 | 6 | 6 | 6 | - | 6 | 20 | 20 | 0.00% |
| Percentage | | | | 0.00% | | | | | 0.00% | | | | 0.00% |

SCHEDULE OF AUDITED ENROLLMENTS

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2017

| Grades | Submission to DOE Reported on Roll | Reported on Workpapers | Verified Signed Registration Forms | Errors | Verified # Days Enrolled | Sample | | | | Errors | Verified # of Days Service Provided | Errors | Low Income | Verified Documentation | Errors |
|------------|--|---------------------------|---------------------------------------|--------|-----------------------------|--------------------------|---------------------------|---------------------------|--------|--------|--|--------|---------------|---------------------------|--------|
| | | | | | | Special Ed/ Bilingual | Verified Documentation | Verified Documentation | Errors | | | | | | |
| Nine | 69 | 69 | 69 | | 69 | 1 | 1 | 1 | | 1 | | | 5 | 5 | |
| Ten | 56 | 56 | 56 | | 56 | 1 | 1 | 1 | | 1 | | | 5 | 5 | |
| Eleven | 52 | 52 | 52 | | 52 | 2 | 2 | 2 | | 2 | | | 5 | 5 | |
| Twelve | 58 | 58 | 58 | | 58 | 2 | 2 | 2 | | 2 | | | 5 | 5 | |
| Totals | 235 | 235 | 235 | - | 235 | 6 | 6 | 6 | - | 6 | - | - | 20 | 20 | - |
| Percentage | | | | 0.00% | | | | | 0.00% | | 0.00% | | | | 0.00% |

EXCESS SURPLUS CALCULATION

N.J.S.A. 18A:7F-7 requires that excess surplus for regular school districts and charter schools is calculated using 2% for June 30, 2005 and thereafter. Pursuant to P.L. 2007, c.62, the minimum is \$250,000, effective beginning with the year ending June 30, 2007.

Charter schools are not subject to the excess surplus limitations. Charter school auditors are required to document the calculation of excess surplus pursuant to N.J.S.A. 18A:7F-7 solely for the purpose of adherence to N.J.A.C. 6A:23A-22.4(e), which provides that a district board of education may petition the Commissioner to pay a lower per-pupil rate if the charter school spends "significantly less than budgeted and has accumulated a sizable surplus."

CALCULATION:

Complete Sections 1 and 2. If the total of Section 2 is **greater** than the applicable portion of Section 1, enter the difference in Section 3. If the difference results in a negative, enter a zero in Section 3. The applicable sections are to be submitted as part of the Auditor's Management Report.

Note that beginning with the excess surplus calculation for the year ending June 30, 2012 the transfer to food services is no longer an adjustment (increase) to total general fund expenditures. This was first introduced in supporting documentation item 9 on page 123 of the 2011-12 Budget Guidelines and continues to apply to audit excess surplus at June 30, 2017.

EXCESS SURPLUS CALCULATION

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

SECTION 1

A. 2% Calculation of Excess Surplus

| | | |
|--|-----------------------|-----------------------|
| 2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1 | \$ 3,534,297 (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 | (321,596) (B2a) | |
| Assets Acquired Under Capital Leases | - (B2b) | |
| Adjusted 2016-17 General Fund Expenditures | <u>3,212,701 (B3)</u> | |
| 2% of Adjusted 2016-17 General Fund Expenditures | <u>64,254 (B4)</u> | |
| Enter Greater of (B4) or \$250,000 | 250,000 (B5) | |
| Increased by: Allowable Adjustment * | - (K) | |
| Maximum Unassigned Fund Balance/Undesignated-Unreserved Fund Balance | | <u>\$ 250,000 (M)</u> |

SECTION 2

| | | |
|---|------------------|-----------------------|
| Total General Fund - Fund Balance @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1) | \$ 1,308,897 (C) | |
| Decrease by: | | |
| Year-end Encumbrances | (17,845) (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 | | <u>1,291,052 (U1)</u> |

SECTION 3

| | |
|--|-------------------------|
| Restricted Fund Balance - Excess Surplus *** | <u>\$ 1,041,052 (E)</u> |
|--|-------------------------|

Recapitulation of Excess Surplus as of June 30, 2017

| | |
|--|----------------------|
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** | \$ - (C3) |
| Reserved Excess Surplus *** | <u>1,041,052 (E)</u> |
| Total Excess Surplus | <u>1,041,052 (D)</u> |

EXCESS SURPLUS CALCULATION

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Footnotes:

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid; Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10); Extraordinary Aid; Additional and Nonpublic School Transportation Aid; and recognized current year School Bus Advertising Revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

| | | | |
|--|----|-------|------|
| Impact Aid | \$ | - | (H) |
| Sale & Lease-back | | - | (I) |
| Extraordinary Aid | | - | (J1) |
| Additional Nonpublic School Transportation Aid | | - | (J2) |
| Current Year School Bus Advertising Revenue Recognized | | - | (J3) |
| | | <hr/> | |
| Total Adjustments | \$ | - | (K) |

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2017 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Restricted Fund Balance

| | | | |
|--|----|-------|------|
| Statutory restrictions: | | | |
| Approved unspent separate proposal | \$ | - | |
| Sale/lease-back reserve | | - | |
| Capital reserve | | - | |
| Maintenance reserve | | - | |
| Emergency reserve | | - | |
| Tuition reserve | | - | |
| Other state/government mandated reserve | | - | |
| [Other Restricted Fund Balance not noted above] **** | | - | |
| | | <hr/> | |
| Total Other Restricted Fund Balance | \$ | - | (C4) |

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Findings and Recommendations:

1. Administrative Practices and Procedures

NONE

2. Financial Planning, Accounting and Reporting

NONE

3. School Purchasing Programs

NONE

4. School Food Service

NONE

5. Student Body Activities

NONE

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

NONE

7. Pupil Transportation

NONE

8. Facilities and Capital Assets

NONE

9. Miscellaneous

NONE

10. Status of Prior Year Audit Findings/Recommendations

There were seven (7) Findings and Recommendations cited in last years' audit report. Please note the following:

PRIOR YEAR FINDING #1

A Finding was reported in the audit report for the 2015-2016 school year, that total Instructional Expenditures was less than 60% of the Charter High School total expenditures for the 2015-2016 school year. A Corrective Action Plan (CAP) was adopted to address this Finding, and a copy of the CAP is attached to this AMR.

Status of Prior Year Audit Findings/Recommendations (Continued)

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A Finding was reported in the audit report for the 2015-2016 school year, that two employees whose contracts were executed later than the employment start date, and further, than one employee who was eligible to participate in the NJ Pension system was not enrolled. This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

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A Finding was reported in the audit report for the 2015-2016 school year, that the amount of expenditure charged to that year's final reports for all federal awards to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the Charter School for those employees whose salaries were identified as being paid from federal funds was paid subsequent to the end of the 90-day grant liquidation period required by the Office of Grants Management. This Finding was also addressed in the CAP, a copy of which is attached to this AMR.

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11. Acknowledgement

NONE

CERTIFICATION OF IMPLEMENTATION OF CORRECTIVE ACTION PLAN

For the Fiscal Year ended June 30, 2016

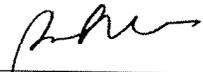
Name of Charter School: The Barack Obama Green Charter High School

County: Union

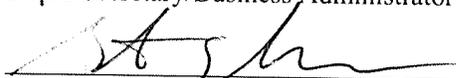
I hereby certify that all corrective actions listed on the charter school's Corrective Action Plan (CAP) for the fiscal year indicated above have been fully implemented except for the following

#1 Total Instructional expenditures is less than 60% of total expenditures.

#6 Incomplete Student file



Board Secretary/Business Administrator



Chief Executive Officer/Lead Person

06/30/2017
Date

7/5/17
Date

CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2016

SCHOOL DISTRICT/CHARTER/RENAISSANCE SCHOOL PROJECT

Barack Obama Green Charter High School

CONTACT PERSON BIMA BAJE

TELEPHONE

908-731-5053

EMAIL bima.baje@obamagreenhigh.com

County: Union
TYPE OF AUDIT Annual
DATE OF BOARD MEETING 15-Feb-17

| Rec. No. | Corrective Action Approved by the Board | Method of Implementation | Person Responsible | Implementation Status & Completion Date |
|----------|---|--|--------------------|---|
| 1 | Total Instructional expenditures is less than 60% of total expenditures | SBA is responsible for at least quarterly reporting of 60/40 split. If the split is found to be out of balance SBA and CEO will first attempt resolution of this imbalance within 30 days HR will ensure all contracts are signed before employee start date. HR will certify in writing to the CEO that all documents are, in fact, obtained. If documents are missing or CEO has developed an operating procedure for developing which grant projects are suitable and best suited for the school. Upon acceptance by the Board of any grant project, the financial management SBA will submit the reimbursement on time moving forward. | SBA and CEO | In progress |
| 2 | Employee contracts were executed later than start date. | | HR | In progress |
| 3 | Receivable from grant project aged over 2 years. | | CEO | In progress |
| 4 | FICA reimbursement not submitted on time. | | SBA | 2017 reimbursement will be done in a timely fashion. |
| 5 | Payment to vendors exceed the approved purchased orders; Invoices dated earlier than approved purchased order; Payments to Professional services exceeded contract amounts; No public bidding for awarded contract beyond 40,000. | No payments are to be made without the appropriate purchase order and approval by the Board. Purchase Orders are to be created immediately after Board approval. No payments | SBA and CEO | Effective Oct 1, 2016, procedure has been implemented |

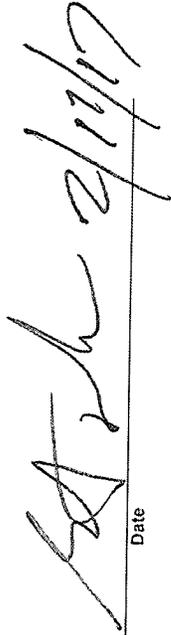
6 Incomplete student file

EC (in coordination with business office) and CEO in progress

The procedure has been implemented that when a student applies, that student is notified of all records required. The EC has developed a checklist to track each student and reporting requirement SBA will review lunch application to ensure accurate lunch status determination is properly reflected in CHE

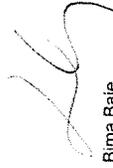
7 Errors in recording lunch determination in the CHE.

Effective Oct 1, 2016, procedure has been implemented



Steven King
School Leader

Date



Bima Beje
School Business Administrator

Date

2/15/17