

**CRESTHAVEN ACADEMY  
CHARTER SCHOOL  
AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS  
FINANCIAL COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**TABLE OF CONTENTS**

Report of Independent Auditors .....	1
General Comments .....	2
Scope of Audit.....	2
School Purchasing Programs .....	2
Insurance .....	2
Examination of Claims .....	2
Payroll Account .....	2
Reserve for Encumbrances, Liability (Current) for Accounts Payable .....	3
T.P.A.F. Reimbursement .....	3
School Food Service.....	3
Board's Secretary Accounting Records .....	3
Treasurer's Records.....	3
Enrollment Counts and Submissions to the Department .....	3
Elementary and Secondary Education Act (E.S.E.A)/Improving America's Schools Act (IASA) .....	3
Other Special Federal and/or State Projects .....	4
Classification of Expenditures .....	4
Follow-up on Prior Year Findings.....	4
Acknowledgement.....	4
Schedule of Meal Count Activity .....	5
Schedule of Audited Enrollments .....	6
Net Cash Resource Schedule .....	8
Audit Synopsis Recommendations .....	9

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**REPORT OF INDEPENDENT AUDITORS**

The Honorable Chairman and  
Members of the Board of Trustees  
Cresthaven Academy Charter School  
County of Union  
Jersey City, New Jersey

I 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 Cresthaven Academy Charter School, in the County of Union for the fiscal year ended June 30, 2017 and have issued my report thereon dated October 2, 2017.

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 Cresthaven Academy Charter School Board of Trustees' management and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo  
Certified Public Accountant

October 2, 2017

## ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

### GENERAL COMMENTS

#### 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 Trustee's, and the records of the various funds under the auspices of the Board of Trustee's.

#### School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

NJ.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 website <http://www.state.nj.us/njded/pscl/index.html>.

Bid thresholds in accordance with NJ.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 NJ.S.A. 18A:39-3 is currently \$18,800.

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 with the provision of NJ.S.A. 18A: 18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJ.S.A. 18A:18A-5. My review of the contracts and agreements found that the school was in compliance as to bid advertisements and awards.

#### Insurance

Insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule, as contained in the Charter School's CAFR

#### Examination and Payment of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification and documentation.

#### Payroll and Payroll Agency Accounts

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

Salary withholdings were promptly remitted to the proper agencies, including health benefit premiums withholding due to the general fund.

All payrolls were approved by the President of the Board.

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, Liability (Current) for Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2017 for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30, 2017. No exceptions were noted.

**T.P.A.F. Reimbursement**

Not applicable - the school had not yet become eligible in reimbursements from the Teachers Pension and Annuity Fund.

**School Food Service**

Not applicable. The food service fund is managed and prepared by the Jersey City Board of Education.

**Board Secretary's Records**

The records of the school were maintained in satisfactory condition.

**Treasurer's Records**

The records of the school were maintained in satisfactory condition.

**Enrollment Counts and Submissions to the Department**

My audit procedures included a test for information reported on October 15, 2016, and the last day of school for on-roll, special education, bilingual and low-income. No exceptions were noted.

The Charter School maintained work papers on the prescribed state forms or their equivalent. In addition, the Charter School maintained written procedures that appear to be adequate for the recording of student enrollment data.

**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 and other special Federal and/or State projects**

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. indicated no following areas of compliance and/or questionable costs.

**Other Special Federal and/or State Projects**

The school's other Special and/or State Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

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

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with the *N.J.A.C. 6A:23-2.2(f)* and line item details as described in the Budget Summary Key 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. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Follow-up on Prior Year Findings**

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. This is not applicable as this is the initial year.

**ACKNOWLEDGEMENT**

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

Respectfully submitted,



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

**CRESTHAVEN ACADEMY CHARTER SCHOOL**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND OVER/UNDER CLAIM**  
**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>POTENTIAL OVER-UNDER CLAIM</u>
NATIONAL SCHOOL LUNCH (REGULAR RATE)	FREE	10,489	10,489	10,489		3.215	0
	REDUCED	1,446	1,446	1,446		2.815	0
	PAID	1,189	1,189	1,189		0.34	0
<b>TOTALS</b>		<b>13,124</b>	<b>13,124</b>	<b>13,124</b>	<b>0</b>		<b>0</b>

<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>POTENTIAL OVER-UNDER CLAIM</u>
SCHOOL BREAKFAST	FREE	10,356	10,356	10,356		1.71	0
	REDUCED	1,413	1,413	1,413		1.41	0
	PAID	1,075	1,075	1,075		0.29	0
<b>TOTALS</b>		<b>12,844</b>	<b>12,844</b>	<b>12,844</b>	<b>0</b>		<b>0</b>

<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>POTENTIAL OVER-UNDER CLAIM</u>
AFTER SCHOOL SNACKS	FREE	9,968	9,968	9,968		0.86	0
	REDUCED	N/A	N/A	N/A		0.43	0
	PAID	N/A	N/A	N/A		0.07	0
<b>TOTALS</b>		<b>9,968</b>	<b>9,968</b>	<b>9,968</b>	<b>0</b>		<b>0</b>

CRESTHAVEN ACADEMY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF OCTOBER 15, 2016

SCHEDULE OF AUDITED ENROLLMENTS

SAMPLE														
GRADES	SUBMISSION TO DOE REPORTED ON ROLL	REPORTED ON WORK PAPERS	VERIFIED SIGNED REG FORMS	ERR	VERIFIED # OF DAYS ENROLLED	ERR	(INCLUDED IN COLUMN 1) SPECIAL ED & OR BILINGUAL	VERIFIED DOCUMEN- TATION	ERR	VERIFIED # OF DAYS SERVICE PROVIDED	ERR	LOW INCOME	VERIFIED DOCUMEN- TATION	ERR
KINDERGARTEN	77	39	39	0	39	0	4	4	0	4	0	35	35	0
<b>TOTAL</b>	<b>77</b>	<b>39</b>	<b>39</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>35</b>	<b>35</b>	<b>0</b>
PERCENTAGE				0.00%		0.00%			0.00%		0.00%			0.00%



CRESTHAVEN ACADEMY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL

SCHEDULE OF AUDITED ENROLLMENTS

GRADES	SUBMISSION TO DOE REPORTED ON ROLL	REPORTED ON WORK PAPERS	VERIFIED SIGNED REG FORMS	ERR	VERIFIED # OF DAYS ENROLLED	ERR	(INCLUDED IN COLUMN 1)		ERR	VERIFIED # OF DAYS SERVICE PROVIDED	ERR	LOW INCOME	VERIFIED DOCUMEN- TATION	ERR
							SPECIAL ED & OR BILINGUAL	VERIFIED DOCUMEN- TATION						
KINDERGARTEN	77	38	38	0	38	0	4	4	0	4	0	34	34	0
TOTAL	77	38	38	0	38	0	4	4	0	4	0	34	34	0
PERCENTAGE				0.00%		0.00%			0.00%		0.00%			0.00%

**CRESTHAVEN ACADEMY CHARTER SCHOOL**  
**NET CASH RESOURCE SCHEDULE**  
**Net cash resources did/did not exceed three months of expenditures**  
**Proprietary Funds - Food Service**  
**FYE June 30, 2017**

**NOT APPLICABLE**

**CRESTHAVEN ACADEMY CHARTER SCHOOL  
AUDIT SYNOPSIS RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings Recommendations

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.