

**MILLVILLE PUBLIC CHARTER SCHOOL  
COUNTY OF CUMBERLAND**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**



**MILLVILLE PUBLIC CHARTER SCHOOL**  
Auditor's Management Report on Administrative  
Findings - Financial, Compliance and Performance

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

The Honorable President and  
Members of the Board of Trustees  
Millville Public Charter School  
County of Cumberland, New Jersey 08332

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 Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2015, which were separately issued in the Comprehensive Annual Financial Report dated December 15, 2015.

As part of our audit, we also performed procedures required by the Division of Administration and Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Trustees of the Millville Public Charter School, for the fiscal year ended June 30, 2015, and is intended for the information of the Charter School's management and the New Jersey Department of Education and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael D. Cesaro  
Certified Public Accountant  
Public School Accountant No. CS 01191

Voorhees, New Jersey  
December 15, 2015

**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)**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Doug McGarry	Board Secretary / Business Administrator	\$ 130,000.00
Kelly Brazelton	Treasurer of School Moneys (July 2014 – Dec. 2014)	130,000.00
Christina Murphy	Treasurer of School Moneys (Jan. 2015 – June 2015)	130,000.00

There is insurance coverage for employee dishonesty and forgery or alteration with Arch Insurance Company with multiple coverages of \$200,000.00.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING**

**Examination of Claims**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

**Payroll Account**

The net salaries of sampled employees of the Charter School were deposited in the Net Payroll Account. Employees’ payroll deductions and the employer’s share of fringe benefits were deposited in the Payroll Agency Account.

Sampled payrolls were approved by the Head of School and were certified by the President of the Board and the Board Secretary/Business Administrator.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the General Fund.

Sampled payrolls were delivered to the Secretary of the Board who then deposited warrants in separate bank accounts for net payroll and withholdings.

**Encumbrances and Accounts Payable**

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**Travel**

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

**Classification of Expenditures**

The coding of expenditures was inspected for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our randomly sampled expenditure transactions. We also inspected the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

**Board Secretary's Records**

Our inspection of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

**Treasurer's Records**

Our inspection of the financial and accounting records maintained by the Treasurer indicated that they were in satisfactory condition.

**Elementary and Secondary Education Act (E.S.E.A.) / Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act (N.C.L.B.) 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 Title I and IIA of the Elementary and Secondary Education Act as amended and reauthorized.

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

The Charter School's Other Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

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

The audit of compliance for Other Special Projects did not indicate any reportable noncompliance.

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

Our audit procedures included a sample 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.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**TPAF Reimbursement to the State for Federal Salary Expenditures**

***Finding 2015-001 (CAFR Finding 2015-001)***

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report(s) 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 subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days). The expenditure was also improperly reflected in the current year's Final Report(s) for all federal awards.

***Recommendation***

The Charter School should adopt internal control procedures designed to ensure that reimbursement(s) of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are properly reported in the current year's Final Report(s) for all federal awards and are encouraged to remit payment within the 60 day grant liquidation period and/or certainly within the statutory 90 day liquidation period.

**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 the school contracts in general are 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&oftpage=TOC\\_Frame\\_Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC_Frame_Pg42)

Based on the results of our audit, 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, 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 examined. The financial accounts, meal count records, and eligibility applications were inspected on a sample basis. No exceptions were noted.

Cash receipts and bank records were sampled for timely deposit. No exceptions were noted.

Vendor invoices were inspected and costs verified. No exceptions were noted.

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 not exceed three months average expenditures. No exceptions were noted.

Sampled time sheets were inspected and labor costs verified. Payroll records were maintained on all School food service employees authorized by the Charter School. No exceptions were noted.

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**SCHOOL FOOD SERVICE (CONT'D)**

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

Sampled applications for free and reduced price meals were inspected for completeness and accuracy. The free and reduced price meal policy was inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

No USDA Food Distribution Program commodities were received by the Charter School.

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

**STUDENT BODY ACTIVITIES**

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

**ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT**

Our audit procedures included a test of enrollment information on October 15, 2014 and the last day of school for on-roll, special education, bilingual and low-income. The results of our procedures are presented in the Schedule of Audited Enrollments.

The Charter School maintained written procedures appear to be adequate for the recording of student enrollment data.

**MISCELLANEOUS**

**Continuing Disclosure Agreements**

Not applicable – no outstanding bonds

**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

There were no audit findings for the fiscal year ended June 30, 2014.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2015.

**ACKNOWLEDGMENT**

We received the complete cooperation of all of the officials of the Charter School and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

A handwritten signature in black ink, appearing to read "Michael D. Cesaro". The signature is written in a cursive style with a long, sweeping underline.

Michael D. Cesaro  
Public School Accountant No.01191

MILLVILLE PUBLIC CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF OCTOBER 15, 2014

Grade	Submission to DOE reported On Roll	Reported on Workpapers	Sample													
			Verified signed Registration Forms	Errors	Verified # days enrolled	Errors	Special Ed & or Bilingual	Verified Documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified Documentation	Errors		
Kindergarten	48	28			28		1	1				1		16	16	
One	48	26			26		2	2			2		17	17		
Two	45	22			22		3	3			3		14	14		
Three	30	15			15		5	5			5		6	6		
Four	27	10			10		1	1			1		4	4		
Five	19	8			8								6	6		
Six																
Seven																
Eight																
Nine																
Ten																
Eleven																
Twelve																
<b>Total</b>	<b>217</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>63</b>	<b>63</b>	<b>-</b>

Percentage

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2015

Grade	Submission to DOE reported On Roll	Reported on Workpapers	Verified signed Registration Forms	Errors	Verified # days enrolled	Errors	Sample							
							Special Ed & or Bilingual	Verified Documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	48	20			20		1	1		1		13	13	
One	48	22			22		6	6		6		12	12	
Two	45	23			23		1	1		1		14	14	
Three	30	15			15		1	1		1		8	8	
Four	27	17			17		1	1		1		12	12	
Five	19	11			11							5	5	
Six														
Seven														
Eight														
Nine														
Ten														
Eleven														
Twelve														
<b>Total</b>	<b>217</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>64</b>	<b>64</b>	<b>-</b>

Percentage

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures Reported on CAFR Exhibit C-1	<u>2,261,885.75</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>-</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>-</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>150,361.37</u> (B2a)
Assets Acquired Under Capital Leases	<u>13,000.00</u> (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>2,098,524.38</u> (B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>41,970.49</u> (B4)
Enter Greater of (B4) or \$250,000	<u>250,000.00</u> (B5)
Increased by: Allowable Adjustment *	<u>-</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>250,000.00</u> (M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2015 (Per CAFR Budgetary Comparison Schedule, Ex. C-1)	<u>46,585.70</u> (C)
Decreased by:	
Year-End Encumbrances	<u>941.00</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>-</u> (C3)
Other Restricted Fund Balances ****	<u>-</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>45,644.70</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>-</u> (E)
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**Recapitulation of Excess Surplus as of June 30, 2015**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>-</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u>-</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>-</u> (D)

**EXCESS SURPLUS CALCULATION (CONT'D)**

**REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT**

Footnotes:

\* This adjustment line (as detailed below) is to be utilized when applicable for:

Federal Impact Aid. The passage of P.L.2015, c46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4).

Sale & Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, Recognized current year School Bus Advertising Revenue, and Family Crisis Transportation Aid. Refer to the Audit Program Section II, Chapter 10.

**Detail of Allowable Adjustments**

Federal Impact Aid	_____ - (H)
Sale & Lease-back	_____ - (I)
Extraordinary Aid	_____ - (J1)
Additional Nonpublic School Transportation Aid	_____ - (J2)
Current Year School Bus Advertising Revenue Recognized	_____ - (J3)
Family Crisis Transportation Aid	_____ - (J4)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 _____ - (K)

\*\* This amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2015-2016 general fund budget.

\*\*\* Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Line 90030.

\*\*\*\* Amount for Other Restricted 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 another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and 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	_____ -
School bus advertising 50% fuel offset reserve - current year	_____ -
School bus advertising 50% fuel offset reserve - prior year	_____ -
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	_____ -
Other state/government mandated reserves	_____ -
 [Other Restricted Fund Balance not noted above]****	 _____ -
 Total Other Restricted Fund Balance	 _____ - (C4)

