

**INDEPENDENT AUDITORS' MANAGEMENT
REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

JUNE 30, 2017

**GALLEROS KOH LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

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INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of Board of Trustees
Marion P. Thomas Charter Schools
County of Essex, New Jersey

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 Marion P. Thomas Charter Schools (the "Charter School" or "MPTCS") in the County of Essex, State of New Jersey for the year ended June 30, 2017, and have issued our report thereon dated November 20, 2017.

As part of our audit, we performed procedures required by the State of 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 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.

A handwritten signature in cursive script that reads 'Leonora Galleros'.

Leonora Galleros, CFA
Public School Accountant
PSA No. 20CS00239400

A handwritten signature in cursive script that reads 'Galleros Koh LLP'.

GALLEROS KOH LLP
Certified Public Accountants

November 20, 2017
Cream Ridge, New Jersey

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

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 of Marion P. Thomas Charter Schools (the "Charter School"), and the records of the various funds under the auspices of the Board of Trustees.

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)

School Leaders Errors and Omissions Liability Insurance Coverage were carried for all members of the board of Trustees with coverage for each wrongful act of \$1,000,000. There is a Public Officials Bond covering the Superintendent, Board Secretary and Treasurer for \$500,000 each.

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any student attending the Charter School.

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under review we noted that claims were approved by designated individuals, certified and supporting documents were maintained.

Finding 2017-001

In our review of cash disbursements and various transactions comprising certain expenditure amounts, we noted the following:

- a. Seven purchase orders have the same date as the invoices/receipts or check dates.
- b. Two claims did not have vendor declaration.

Recommendation

We recommend consistent implementation of purchasing policies and procedures.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

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 of the Charter School and were certified by the President of the Board and the Chief Executive Officer.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld 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 purchase orders was made as of June 30, 2017, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable. No exception was noted in this area.

Travel Policy

A travel policy was adopted in 2007 as required by *N.J.A.C. 6A:23A A-6.13* and *N.J.S.A. 18A:11-12*.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* and line item details as described in the Budget Summary Key as part of our test of transactions of judgmentally selected expenditure items. We also reviewed coding of all expenditures included in our Compliance and Single Audit testing procedures. In addition to the selected expenditures items, we specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.2*. As a result of the procedures performed, a minimal transaction error rate of 0.028% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

Board Secretary's Records

Our review of the financial and accounting records maintained by the Business Office disclosed that monthly reports are provided to the Board in a timely manner. We did note an exception as follows:

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and were presented to the Board. No exceptions noted.

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

The ESEA/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 IV of the Elementary and Secondary Education Act as amended and reauthorized. No exception was noted.

Other Special Federal and/or State Projects

The Charter School's special projects were approved as listed on Schedules A and B 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.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the electronic reimbursements filed with the Department of Education for Charter School employees who are members of the Teacher's Pension Annuity Fund. We noted no exceptions.

TPAF Reimbursements to State for Federal Salary Expenditures

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 Charter School to reimburse the State for the TPAF/FIC 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, and subsequent to the 90 days required by N.J.S.A. 18A:66-90.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 \$18,800 for 2016-17.

The district board of education/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 our examination, 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.

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

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.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service - continued

Net cash resources did not 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 education/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 the 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 /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 requirements. The required verification procedures for free and reduced-price applications were completed and available for review.

We did note that the School Food Service has continued to incur operating losses. As of June 30, 2017, the accumulated deficit is \$540,512. Increasing the appropriation in the general fund for a budgetary transfer out to the Food Service Fund should be considered during fiscal year 2018 if other revenue sources will not increase.

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.

The Charter School maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service - Continued

		Food Service B - 4/5		
<u>Net Cash Resources:</u>				
CAFR	* Current Assets			
B-4	Cash and cash equivalents	\$	31,380	
B-4	Accounts Receivable		114,437	
CAFR	Current Liabilities			
B-4	Less Accounts Payable		-	
B-4	Less Due to Other Funds		(458,429)	
	Net Cash Resources	\$	(312,612)	(A)
<u>Net Adj. Total Operating Expense:</u>				
B-5	Tot. Operating Exp.	\$	764,889	
B-5	Less Depreciation		-	
	Adj. Tot. Oper. Exp.	\$	764,889	(B)
<u>Average Monthly Operating Expense:</u>				
	B / 10	\$	76,489	(C)
<u>Three times monthly Average:</u>				
	3 X C	\$	229,467	(D)

Total in Box A	\$	(312,612)	
Less: Total in Box D		(229,467)	
NET	\$	(542,079)	
From above:			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Charter School Enrollment System/Charter School Aid

Our audit procedures included tests of information reported on October 15th and the last day of the school year for enrolled, special education, bilingual and low income students. We also performed a review of the Charter School's procedures related to its completion.

Finding 2017-002* (CAFR Finding 2017-001)

There was one student that was counted twice in the CHE enrollment count for October 15, 2016 and June 30, 2017.

In our review of enrollment information as reported in the CHE and as per school records, we noted the following:

- a. Proof of addresses of 21 students were not on file.
- b. Birth certificates of 31 students were not on file.
- b. A student file was not available for review.
- c. A student classified as Special Education in CHE but was not such per student records.
- d. A student was entered and counted twice in CHE.

In our review of student lunch applications in conjunction with state enrollment procedures, we found the following exceptions:

- e. A student was classified as "reduced" in CHE but should have been classified as "free" based on the completed application and income information on file and the Master Eligibility List (MEL).
- f. A student was classified as "denied" in CHE but should have been classified as "reduced" based on the completed application and income information on file and MEL.

Recommendation

We recommend that the Charter School reviews the System entries for accurate posting of student information in the System and improve filing of student records. Reconciliation and review procedures of information should also be conducted on a periodic basis.

Student Body Activities

Student activities during the fiscal year ended June 30, 2017 were accounted for. No exceptions were noted in this area.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Facilities and Capital Assets

The Charter School had engaged an appraisal company to account for its fixed assets for insurance purposes and update its fixed assets records.

Miscellaneous

Deficit

For the fiscal year ended June 30, 2017, the total change in fund balance is (\$2,350,289) (excess of expenditures over revenues) from its governmental funds (CAFR Exhibit B-2, General Fund and Special Revenue Funds). But as required by applicable Government Accounting Standards Board (GASB) statements, the change in fund balance is adjusted by the following reconciling items resulting in a change in net position of (\$929,966). As shown below, the negative change in net position is primarily caused by the Charter School's proportionate share of pension costs for its employees in the State pension system.

		<u>Governmental Funds</u>
Total net change in fund balances (Modified Accrual Basis)		\$ (2,146,828)
Increase (Decrease)		
Capital asset addition	\$ 44,540	
Depreciation of fixed assets	(94,013)	
Compensated absences	(92,877)	
Repayment of capital lease	36,553	
Net pension costs	<u>(824,169)</u>	<u>(929,966)</u>
Change in Net Position (Accrual Basis)		<u>\$ (3,076,794)</u>

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.

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective actions had been completed or are still in process on prior year findings, with the exception of those that are identified as repeat or partially similar to findings in this year's recommendation.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

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 our audit team.

Respectfully submitted,



Leonora Galleros, CFA
Public School Accountant
PSA No. 20CS00239400



GALLEROS KOH LLP
Certified Public Accountants

November 20, 2017
Cream Ridge, New Jersey

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

MARION P. THOMAS CHARTER SCHOOLS

FOOD SERVICE FUND

NUMBER OF 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 (High Rate)	Paid	9,646	9,646	9,646	-	0.32	-
National School Lunch (High Rate)	Reduced	11,833	11,833	11,833	-	2.78	-
National School Lunch (High Rate)	Free	124,763	124,763	124,763	-	3.18	-
	TOTAL	146,242	146,242	146,242			-
National School Lunch	HHFKA - PB Lunch Only	146,242	146,242	146,242	-	0.06	-
School Breakfast (Severe Need Rate)	Paid	6,482	6,482	6,482	-	0.29	-
	Reduced	6,980	6,980	6,980	-	1.74	-
	Free	60,057	60,057	60,057	-	2.04	-
	TOTAL	73,519	73,519	73,519			-
Special Milk	Paid	10,000	10,000	10,000	-	0.20	-
After School Snacks	Paid	-	-	-	-	0.07	-
	Reduced	-	-	-	-	0.41	-
	Free (Area Eligible)	2,206.00	2,206.00	2,206.00	-	0.82	-
	TOTAL	2,206.00	2,206.00	2,206.00			-
CACFP - Food	Free	-	-	-	-	2.98	-
CACFP - Cash-in-lieu of USDA Foods	Free	-	-	-	-	0.2475	-
	Total Net Underclaim (Overclaim)						-

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

MARION P. THOMAS CHARTER SCHOOLS

FOOD SERVICE FUND

NUMBER OF 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 -National School Lunch (Regular Rate)	Paid	9,646	9,646	9,646	-	\$ 0.04	\$ -
State Reimbursement -National School Lunch (Regular Rate)	Reduced	11,833	11,833	11,833	-	0.06	-
State Reimbursement -National School Lunch (Regular Rate)	Free	124,763	124,763	124,763	-	0.06	-
	TOTAL	<u>146,242</u>	<u>146,242</u>	<u>146,242</u>			

Total Net Underclaim (Overclaim)

\$ -

**MARION P. THOMAS CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2016**

Submission to		Sample													
Grades	DOE reported On Roll	Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors	
Kindergarten	109	109	108	-	190	-	4	4	-	190	-	98	98	-	
First	95	95	95	-	190	-	2	2	-	190	-	83	83	-	
Second	79	79	79	-	190	-	5	5	-	190	-	72	72	-	
Third	90	90	89	1	190	-	9	9	-	190	-	81	81	-	
Fourth	70	70	70	-	190	-	10	10	-	190	-	62	62	-	
Fifth	87	87	87	-	190	-	10	10	-	190	-	76	75	1	
Sixth	92	92	92	-	190	-	7	7	-	190	-	80	80	-	
Seventh	99	99	99	-	190	-	15	15	-	190	-	91	91	-	
Eighth	94	94	94	-	190	-	11	11	-	190	-	75	75	-	
Ninth	132	132	132	-	190	-	22	21	1	190	-	110	110	-	
Tenth	154	154	154	-	190	-	19	19	-	190	-	140	140	-	
Eleventh	107	107	107	-	190	-	16	16	-	190	-	102	102	-	
Twelfth	123	123	123	-	190	-	23	23	-	190	-	110	110	-	
Total	1,331	1,331	1,329	1		-	153	152	1		-	1,180	1,179	1	
Percentage				0.1%		0.0%			0.7%		0.0%			0.1%	

**MARION P. THOMAS CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2017**

Submission to		Sample													
Grades	DOE reported On Roll	Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors	
Kindergarten	108	108	107	-	190	-	4	4	-	190	-	96	96	-	
First	98	98	98	-	190	-	2	2	-	190	-	84	84	-	
Second	79	79	79	-	190	-	5	5	-	190	-	70	70	-	
Third	93	93	92	1	190	-	9	9	-	190	-	79	79	-	
Fourth	73	73	73	-	190	-	10	10	-	190	-	63	63	-	
Fifth	84	84	84	-	190	-	9	9	-	190	-	73	72	1	
Sixth	90	90	90	-	190	-	6	6	-	190	-	78	78	-	
Seventh	97	97	97	-	190	-	14	14	-	190	-	90	90	-	
Eighth	94	94	94	-	190	-	11	11	-	190	-	74	74	-	
Ninth	130	130	130	-	190	-	22	21	1	190	-	107	107	-	
Tenth	154	154	154	-	190	-	19	19	-	190	-	135	135	-	
Eleventh	111	111	111	-	190	-	15	15	-	190	-	100	100	-	
Twelfth	121	121	121	-	190	-	22	22	-	190	-	109	109	-	
Total	1,332	1,332	1,330	1		-	148	147	1		-	1,158	1,157	1	
Percentage				0.1%		0.0%			0.7%		0.0%			0.1%	

**MARION P. THOMAS CHARTER SCHOOLS
(COUNTY OF ESSEX, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2017

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 26,228,167 (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	\$ 1,518,395 (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)
Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 24,709,772 (B3)</u>
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ 494,195 (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 494,195 (B5)</u>
Increased by: Allowable Adjustment *	<u>\$ _____ - (K)</u>
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 494,195 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 4,724,505 (C)
Decreased by:	
Year-end Encumbrances	\$ 94,623 (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 [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 4,629,882 (U1)</u>
Excess Surplus at June 30, 2017	<u>\$ 4,135,687</u>

SECTION 3

Restricted Fund Balance – Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ _____ - (E)
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Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ _____ - (C3)
Reserved Excess Surplus ***[(E)]	\$ _____ - (E)
Total Excess Surplus [(C3) + (E)]	<u>\$ _____ - (D)</u>

Charter schools are not subject to the excess surplus limitations. Charter schools 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 schools spends "significantly less than budgeted and has accumulated a sizeable surplus."

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

AUDIT RECOMMENDATIONS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2017

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

We recommend review of review of purchasing, reimbursements, and travel policies and procedures for adherence.

III. School Purchasing Programs

There are none.

IV. School Food Service

There are none.

V. Charter School Enrollment System/Charter School Aid

We recommend that the Charter School reviews the System entries for accurate posting of student information in the System and improve filing of student records. Reconciliation and review procedures of information should also be conducted on a periodic basis.

VI. Facilities and Capital Assets

There are none.

VII. Miscellaneous

There are none.