

**THE ETHICAL COMMUNITY CHARTER SCHOOL
AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2020**

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

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REPORT OF INDEPENDENT AUDITORS

The Honorable Chairman and
Members of the Board of Trustees
Ethical Community Charter School
County of Hudson
Jersey City, New Jersey

I 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 Ethical Community Charter School, in the County of Hudson, for the year ended June 30, 2020 and have issued my report thereon dated April 20, 2021.

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 Ethical Community 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.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant

April 20, 2021

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the Treasurer of School Monies, the activities of the Board of Trustees, and the records of the various funds under the auspices of the Board of Trustees. It should be noted that the school's prior School Business Administrator resigned on February 29, 2020. Two weeks after the new School Business Administrator began, the school closed due to COVID. Proper procedures were beginning to be implemented according to the CAP for SY 2019-20. However, due to COVID and the school's shutdown, implementation dates have been delayed. All corrective actions will be implemented by June 30, 2021.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in various amounts as detailed on Exhibit J-20, Insurance Schedule contained in the Charter School's CAFR. This includes public official bonds.

Tuition Charges

A review of 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 indicated discrepancies with respect to signatures, certification and supporting documentation.

Finding (R) #2020-001

It was noted that for several invoices paid during the year which were selected randomly for my testing did not contain the proper back up support or contained exceptions as summarized below. It was further noted that most of the exceptions occurred in the early part of the fiscal year which was before the appointment of new accounting personnel and School Business Administrator.

- 1) Invoices did not have purchase orders attached or were not signed.
- 2) Invoices were not attached or missing.
- 3) Vendor certifications were missing on purchase orders and checks were released before obtaining certification.
- 4) Open purchase orders were not reviewed and reconciled on a timely basis.

Recommendation

The School should implement control procedures to ensure that invoices and voucher packages have the proper documentation and approvals before being entered into the accounting system and checks prepared and that open purchase orders be reviewed and adjusted on a timely basis. The school has indicated Internal control procedures have been developed in which all purchase orders have invoices attached and we are working with vendors to have vendor certifications properly signed.

Bank Reconciliations (R)

Finding #2020-002

It was noted that Bank Reconciliations were not performed for all bank accounts during the fiscal year. In addition, the School had in excess of 10 bank accounts at the end of year. This creates unnecessary and complex accounting issues and creates an excess number of transactions such as the transfer of monies between accounts. In May 2020, the School hired a Treasurer of School Monies to perform the reconciliations. Once hired, the Treasurer received all bank accounts on a monthly basis and brought all accounts up to date.

Recommendations

Bank reconciliations must be performed promptly after months end to ensure all transactions and adjustments are properly reflected in the accounting system.

The School should review all open bank accounts and consolidate to only those required by NJDOE in order to simplify the accounting.

Due to /from School Districts (R)

Finding #2020-003

It was noted that amounts due to/ from several outside School districts have not been resolved for prior years balances.

Recommendation

The school should perform a review of these balances to determine the validity of the balances and take action accordingly. The school has indicated that balances are continually being monitored and payments are being made to school districts.

Payroll Accounts

For payrolls reviewed on a test basis:

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

All payrolls were approved by the President of the Board and the Board Secretary/Business Administrator.

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

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in a bank account for net payroll and withholdings.

Finding #2020-004

It was noted that employees health benefit withholding was not always accurate or consistent and changes to enrollment were not completed in a timely matter.

Recommendation

The school should perform a review of the health benefit withholdings and enrollment on a monthly basis and properly adjust the benefit withholding and update the health insurance rosters. The school has instituted procedures to review open purchase orders on a timely basis.

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. Exceptions were noted during our review.

Finding (R) #2020-005

Open purchase orders and accounts payable were not reviewed for validity during the year and were not reconciled to the accounting system.

Recommendation

Open purchase orders and Accounts Payable must be reviewed and reconciled promptly after months end.

Bank Accounts – GUPDA Coverage

We have been advised by the school that procedures have been instituted to review open purchase orders on a timely basis.

Finding (R) #2020-006

It was noted that one of the banks that the school maintained funds in during the year did not have GUPDA (Government Unit Deposit Protection Act) status.

Recommendation

The school must transfer all funds remaining at that bank in order to have full coverage protection under GUPDA. The school subsequently closed all accounts that were with banks that did not have coverage under GUPDA.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the *N.J.A.C. 6A:23A-16.2(f)* as part of my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance testing procedures. In addition to randomly selecting a test sample, my 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 0% 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

My review of the financial and accounting records maintained by the business office disclosed exceptions as noted below:

Finding (R) #2020-007 / CAFR Finding #2020-001

It was noted that reconciled Board Secretary Financial reports reflecting Budget to Actual for Revenues and Expenditures were not prepared on a monthly basis for the entire fiscal year.

Recommendation

Reconciled Board Secretary Financial reports must be prepared promptly after months end and formally approved by the Board of Trustees and be included in the monthly minutes. The school has indicated that Board Secretary Financial Reports will be prepared as of March 31, 2021 and be prepared monthly thereafter for Board approval.

- A Deposit Worksheet is being maintained and backed with all supporting documentation.
- Cash receipts are currently being entered monthly and agreed to the Bank Reconciliations.

Cash Receipts Journal (R)

Findings #2020-008

- 1) It was noted that a detailed Cash Receipts journal was not prepared for the entire fiscal year.
- 2) Supporting documentation for deposits could not be located for several deposits that were selected for detailed testing.

Recommendation

Formal reconciled detailed Cash Receipts journals must be prepared promptly after months end and reconciled to the bank statements and formally approved by the Board of Trustees and be included in the monthly minutes. In addition, documentation for all cash receipts and deposits be retained.

Account Analysis Schedule Preparation (R)

Finding #2020-009

It was noted that Balance Sheet account analysis schedules were not prepared during the year. This increases the risk that mispostings or errors can occur and not be detected during the year or result in inaccurate board secretary reports.

Recommendation

The School must prepare account reconciliations on a timely basis for all Accounts Receivable, Accounts Payable and Revenue accounts to ensure that the General Ledger balances are properly reflected on the Board Secretary reports. The school has indicated that Board Treasury Reports are prepared monthly and approved by the Board. Account analysis are prepared and reconciled to the various fund trial balances as of March 31, 2021.

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 various Titles of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. and other special federal and/or state projects indicated the following areas of compliance and/or questionable costs as follows:

Reimbursement Forms for ESEA and IDEA

Finding (R) #2020-010

It was noted that reimbursement forms for ESEA and IDEA for monies due to the School were not submitted on a timely basis for the entire fiscal year. Therefore, the school expended monies and was not reimbursed until the subsequent school year. This resulted in an accounts receivable of \$283,453 at June 30, 2020.

Recommendation

The school should submit reimbursement forms to the appropriate agencies on a timely basis in order to more closely match its cash flow.

Finding #2020-011

The school had undergone a Collaborative Monitoring by the State of New Jersey for ESEA and IDEA grants for the period July 1, 2020 to December 20, 2020 and was issued a report dated April 2020. The report noted numerous issues that require corrective action.

Recommendation

The school must issue a corrective action plan and implement procedures to address the findings in the report. The school has indicated the following:

1. All prior year reimbursements have been received. The current year is being reviewed and amended to submit proper reimbursement request.
2. Corrective Action Plan has been developed and will be submitted for Board approval at the Board meeting.

Finding (R) #2020-012

It was noted that amounts due to the State of New Jersey for TPAF/FICA for federal funded programs were not remitted for several prior years.

Recommendation

The school should review the amounts listed as due to the State of New Jersey for validity and remit any balances due.

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 non compliance.

T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the Ethical Community 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-3 States:

- a) When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$29,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P .L. 1971 c. 198 (C.40A: 11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b) Commencing in the fifth year after the year in which P .L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A: 18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N .J. S .A. 18A: 18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Charter School to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Charter School may, by resolution approve by the majority of the Charter School and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the Charter School finds that it has had negative prior experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A: 18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent), \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

The Charter School has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies; the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of my examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions 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.

The system of records did not provide for an accumulation of purchases for which the Charter School used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. My audit did reveal however, that the District did make purchases under State contracts and cooperative purchasing agreements.

FOOD SERVICE FUND

COVID -19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter and 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 Free and Reduced Price eligible students during the period of school closures.

Therefore, 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 Free and Reduced Price meal eligible students

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 free and reduced price meal eligible students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures did not exceed \$100,000 in federal and/or State support. Accordingly, I inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

In addition, I 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 position (CAFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

I also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible 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.

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

The school utilized an outside service to prepare and serve the meals. The outside service was paid based upon a per diem rate.

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

No exceptions were noted.

Enrollment Counts and Submissions to the Department

My audit procedures included a test for information reported on October 15, 2019, and the last day of school for on-roll, special education 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.

Miscellaneous

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.

The Charter School submitted the annual State of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Follow-up on Prior Year Findings

(R) – Denotes prior year finding which is repeated again this year.

A review of prior year findings noted that findings had not been corrected and are repeated above. A summary of prior year findings is as follows:

| | <u>Finding #</u> |
|--|-------------------------|
| 1) Examination of claims | #2020-001 |
| 2) Bank reconciliations | #2020-002 |
| 3) Due to/from school districts | #2020-003 |
| 4) Reserve for encumbrances and accounts payable | #2020-005 |
| 5) Bank accounts – GUPDA coverage | #2020-006 |
| 6) Board Secretary’s records | #2020-007 |
| 7) Cash receipts journal | #2020-008 |
| 8) Account analysis schedule preparation | #2020-009 |
| 9) Reimbursement forms for ESEA and IDEA | #2020-010 |
| 10) Amounts due to the State of New Jersey for TPAF/FICA | #2020-012 |

ACKNOWLEDGEMENT

I received the complete cooperation of all the officials of the school (except for the previous Board Secretary/Business Administrator of Record through February 28, 2020) and I greatly appreciate the courtesies extended to me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

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

The Ethical Community Charter School
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND OVER/UNDER CLAIM
 June 30, 2020

| <u>PROGRAM</u> | <u>MEAL CATEGORY</u> | <u>MEALS CLAIMED</u> | <u>MEALS TESTED</u> | <u>MEALS VERIFIED</u> | <u>DIFFERENCE</u> | <u>High or Severe RATE</u> | <u>POTENTIAL OVER-UNDER CLAIM</u> |
|---|--------------------------|--------------------------|-------------------------|---------------------------|-------------------|------------------------------------|---|
| NATIONAL SCHOOL LUNCH (REGULAR RATE) | FREE | 13,953 | 13,953 | 13,953 | 0 | 3.480 | 0 |
| | REDUCED | 1,638 | 1,638 | 1,638 | 0 | 3.080 | 0 |
| | PAID | 7,588 | 7,588 | 7,588 | 0 | 0.390 | 0 |
| TOTALS | | 23,179 | 23,179 | 23,179 | 0 | | 0 |

| <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 (SEVERE NEEDS) | FREE | 2,558 | 2,558 | 2,558 | 0 | 2.200 | 0 |
| | REDUCED | 213 | 213 | 213 | 0 | 1.900 | 0 |
| | PAID | 306 | 306 | 306 | 0 | 0.310 | 0 |
| TOTALS | | 3,077 | 3,077 | 3,077 | 0 | | 0 |

| <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 N/A | FREE | 1,728 | 1,728 | 1,728 | 0 | 0.940 | 0 |
| | REDUCED | 0 | 0 | 0 | 0 | 0.470 | 0 |
| | PAID | 0 | 0 | 0 | 0 | 0.080 | 0 |
| TOTALS | | 1,728 | 1,728 | 1,728 | 0 | | 0 |

**THE ETHICAL COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL**

| Grades | <u>1</u> | | <u>2</u> | | <u>2a</u> | | <u>2b</u> | | <u>2c</u> | | <u>3</u> | | | <u>3a</u> | | <u>3b</u> | | <u>4</u> | | <u>4a</u> | |
|------------------|--|---------------------------|----------|---------------------------------------|---------------------------------------|----------|-----------------------------|----------|--|---------------------------|----------|-------------------------------------|----------|---------------|---------------------------|-----------|--|----------|--|-----------|--|
| | Submission to DOE reported On Roll | Reported on workpapers | Errors | 50% Verification required 10/15/19 | Verified signed registration forms | Errors | Verified # days enrolled | Errors | Submission to DOE Reported Special Ed/ Bilingual | Verified documentation | Errors | Verified # days Service Provided | Errors | Low Income | Verified documentation | Errors | | | | | |
| Pre Kindergarten | | | | | | | | | | | | | | | | | | | | | |
| Kindergarten | 43 | 43 | 0 | 21 | 21 | 0 | 21 | 0 | 2 | 2 | 0 | 2 | 0 | 15 | 15 | 0 | | | | | |
| One | 44 | 44 | 0 | 22 | 22 | 0 | 22 | 0 | 1 | 1 | 0 | 1 | 0 | 17 | 17 | 0 | | | | | |
| Two | 43 | 43 | 0 | 21 | 21 | 0 | 21 | 0 | 6 | 6 | 0 | 6 | 0 | 19 | 19 | 0 | | | | | |
| Three | 44 | 44 | 0 | 22 | 22 | 0 | 22 | 0 | 5 | 5 | 0 | 5 | 0 | 21 | 21 | 0 | | | | | |
| Four | 45 | 45 | 0 | 22 | 22 | 0 | 22 | 0 | 7 | 7 | 0 | 7 | 0 | 22 | 22 | 0 | | | | | |
| Five | 44 | 44 | 0 | 22 | 22 | 0 | 22 | 0 | 6 | 6 | 0 | 6 | 0 | 15 | 15 | 0 | | | | | |
| Six | 46 | 46 | 0 | 23 | 23 | 0 | 23 | 0 | 8 | 8 | 0 | 8 | 0 | 29 | 29 | 0 | | | | | |
| Seven | 46 | 46 | 0 | 23 | 23 | 0 | 23 | 0 | 6 | 6 | 0 | 6 | 0 | 25 | 25 | 0 | | | | | |
| Eight | 40 | 40 | 0 | 20 | 20 | 0 | 20 | 0 | 4 | 4 | 0 | 4 | 0 | 23 | 23 | 0 | | | | | |
| Nine | | | | | | | | | | | | | | | | | | | | | |
| Ten | | | | | | | | | | | | | | | | | | | | | |
| Eleven | | | | | | | | | | | | | | | | | | | | | |
| Twelve | | | | | | | | | | | | | | | | | | | | | |
| Total | 395 | 395 | 0 | 196 | 196 | 0 | 196 | 0 | 45 | 45 | 0 | 45 | 0 | 186 | 186 | 0 | | | | | |
| Percentage | | | 0.0% | | | 0% | | 0% | | | 0% | | 0% | | | 0% | | | | | |

**THE ETHICAL COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2019**

| Grades | <u>1</u> | | <u>2</u> | | <u>2a</u> | | <u>2b</u> | | <u>2c</u> | | <u>3</u> | | | <u>3a</u> | | <u>3b</u> | | <u>4</u> | | <u>4a</u> | |
|------------------|------------------------------------|------------------------|----------|------------------------------------|------------------------------------|----------|--------------------------|----------|--|------------------------|----------|----------------------------------|----------|------------|------------------------|-----------|--|----------|--|-----------|--|
| | Submission to DOE reported On Roll | Reported on workpapers | Errors | 50% Verification required 10/15/19 | Verified signed registration forms | Errors | Verified # days enrolled | Errors | Submission to DOE Reported Special Ed/ Bilingual | Verified documentation | Errors | Verified # days Service Provided | Errors | Low Income | Verified documentation | Errors | | | | | |
| Pre Kindergarten | | | | | | | | | | | | | | | | | | | | | |
| Kindergarten | 43 | 43 | 0 | 22 | 22 | 0 | 22 | 0 | 2 | 2 | 0 | 2 | 0 | 15 | 15 | 0 | | | | | |
| One | 44 | 44 | 0 | 22 | 22 | 0 | 22 | 0 | 1 | 1 | 0 | 1 | 0 | 17 | 17 | 0 | | | | | |
| Two | 43 | 43 | 0 | 22 | 22 | 0 | 22 | 0 | 6 | 6 | 0 | 6 | 0 | 19 | 19 | 0 | | | | | |
| Three | 44 | 44 | 0 | 22 | 22 | 0 | 22 | 0 | 5 | 5 | 0 | 5 | 0 | 21 | 21 | 0 | | | | | |
| Four | 45 | 45 | 0 | 23 | 23 | 0 | 23 | 0 | 7 | 7 | 0 | 7 | 0 | 22 | 22 | 0 | | | | | |
| Five | 44 | 44 | 0 | 22 | 22 | 0 | 22 | 0 | 6 | 6 | 0 | 6 | 0 | 15 | 15 | 0 | | | | | |
| Six | 46 | 46 | 0 | 23 | 23 | 0 | 23 | 0 | 8 | 8 | 0 | 8 | 0 | 29 | 29 | 0 | | | | | |
| Seven | 46 | 46 | 0 | 23 | 23 | 0 | 23 | 0 | 6 | 6 | 0 | 6 | 0 | 25 | 25 | 0 | | | | | |
| Eight | 40 | 40 | 0 | 20 | 20 | 0 | 20 | 0 | 4 | 4 | 0 | 4 | 0 | 23 | 23 | 0 | | | | | |
| Nine | | | | | | | | | | | | | | | | | | | | | |
| Ten | | | | | | | | | | | | | | | | | | | | | |
| Eleven | | | | | | | | | | | | | | | | | | | | | |
| Twelve | | | | | | | | | | | | | | | | | | | | | |
| Total | 395 | 395 | 0 | 199 | 199 | 0 | 199 | 0 | 45 | 45 | 0 | 45 | 0 | 186 | 186 | 0 | | | | | |
| Percentage | | | 0.0% | | | 0% | | 0% | | | 0% | | 0% | | | 0% | | | | | |

ETHICAL COMMUNITY CHARTER SCHOOL
NET CASH RESOURCE SCHEDULE
Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE June 30, 2020

NOT APPLICABLE

**THE ETHICAL COMMUNITY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

It is recommended that:

1. Administrative Practices and Procedures

NONE

2. Financial Planning, Accounting and Reporting

Findings #2020-001, #2020-002, #2020-003, #2020-004, #2020-005, #2020-006, #2020-007, #2020-008, #2020-009, #2020-010, #2020-011 and #2020-012

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

**THE ETHICAL COMMUNITY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

9. Status of Prior Year's Findings Recommendations

A review was performed on the prior year recommendations and corrective action was not taken on any prior year findings, which are repeated in this year's recommendations:

| | <u>Finding #</u> |
|--|-------------------------|
| 11) Examination of claims | #2020-001 |
| 12) Bank reconciliations | #2020-002 |
| 13) Due to/from school districts | #2020-003 |
| 14) Reserve for encumbrances and accounts payable | #2020-005 |
| 15) Bank accounts – GUPDA coverage | #2020-006 |
| 16) Board Secretary's records | #2020-007 |
| 17) Cash receipts journal | #2020-008 |
| 18) Account analysis schedule preparation | #2020-009 |
| 19) Reimbursement forms for ESEA and IDEA | #2020-010 |
| 20) Amounts due to the State of New Jersey for TPAF/FICA | #2020-012 |