

**JERSEY CITY  
COMMUNITY CHARTER SCHOOL**

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

**FISCAL YEAR ENDED JUNE 30, 2017**

**BCA WATSON RICE LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
 AUDITOR’S MANAGEMENT REPORT ON  
 ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
 JUNE 30, 2017**

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## REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Jersey City Community Charter School (the "Charter School") in the County of Hudson, New Jersey for the year ended June 30, 2017, and have issued our report thereon dated November 30, 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 Charter School's 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.



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Barbara Siochi, CPA, CGMA  
Licensed Public School Accountant  
No. 20CS00260700

Rutherford, New Jersey  
November 30, 2017



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BCA Watson Rice LLP  
Certified Public Accountants

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
 AUDITOR’S MANAGEMENT REPORT ON  
 ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
 AS OF JUNE 30, 2017**

**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 in Exhibit J-20 – Insurance Schedule, contained in the Charter School’s Comprehensive Annual Financial Report (“CAFR”).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bima Baje	School Business Administrator	\$200,000
Lenora Galleros	Treasurer of School Moneys	\$200,000

The Charter School also obtained \$100,000 coverage for Errors and Omissions. The policy is underwritten by the North Jersey Educational Insurance 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, certifications 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 School Business Administrator, and the Head of School.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
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– CONTINUED**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING – CONTINUED**

**Payroll Account – Continued**

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 Treasurer of School Moneys with a warrant made to her order for the full amount of each payroll.

**Employee Position Control Roster**

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

**Reserve for Encumbrances and Accounts Payable**

A review of issued outstanding purchase orders was made as of June 30, 2017, for proper classification of orders and reserve for encumbrances and accounts payable, and we noted no exceptions.

**Travel**

The Charter School's travel expenses represent costs of transportation services for student's field trips. On November 16, 2016, the Charter School adopted a Business Office Manual, which includes the travel policy.

**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 our test of transactions of randomly selected expenditure items. We also reviewed the coding of 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. We noted no deviations in expenditure or administrative coding classifications.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING – CONTINUED**

**Board Secretary's Records**

We noted that the Board Secretary and Treasurer's Reports for the period ended June 30, 2017 were submitted to the Charter School's Board of Trustees on July 18, 2017, and submitted to the County Executive on July 29, 2017. The 2017 Audit Program issued by the State of New Jersey's Department of Education ("NJDOE") requires for the report to be submitted to the County Executive by August 1, 2017.

**Treasurer's Records**

We noted that the Treasurer's records were in agreement with the records of Board Secretary. Also, the Treasurer's cash balances are in agreement with the reconciled cash balances as determined during the audit.

**Elementary and Secondary Education Act ("E.S.E.A.)/Improving America's Schools Act ("I.A.S.A.") as Re-Authorized by the No Child Left Behind Act ("N.C.L.B.") of 2001**

The E.S.E.A. / N.C.L.B. 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 VI of E.S.E.A. as amended and re-authorized.

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

The Charter School's Projects were approved as listed on Schedules A and B located in the CAFR.

Our audit of 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 projects were 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**

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for Charter School Project employees who are members of the Teachers' Pension and Annuity Fund (TPAF). No exceptions noted.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING – CONTINUED**

**T.P.A.F. Reimbursement to the State for Federal Salary Expenditures**

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 prior to the end of the 90-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement. 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 is available on the website <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

The bid threshold 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 Charter School's Board of Trustees has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise 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 provisions 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. 18A:18A-5.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**SCHOOL FOOD SERVICE**

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. A reimbursement overclaim has been noted by the SFA for the fiscal year 2015, which was accordingly adjusted in the reimbursement to the Charter School for the month of October 2016. No exceptions were noted.

We also 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.

There were no non-program foods purchased, prepared, sold, or offered for sale.

**STUDENT BODY ACTIVITIES**

No exceptions were noted during our review of student activity funds.

**ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT**

Our audit procedures included a test of enrollment information reported on October 14, 2016 and June 22, 2017, the Charter School's last day of school for on-roll, special education and low-income students.

*Finding (2017-001)*

We noted the following during our review of the Charter School's enrollment records:

- The birthdate of one student recorded in the school enrollment records and reported in the Charter School Enrollment System ("CSES") does not agree with the student's birth certificate.
- Residence of two students was not updated on the CSES for the last day of school enrollment count.
- Four students enrolled on September 6, 2016 were not reported in the October 14, 2016 enrollment count.
- Five students with significant number of days attending the school based on school records were not reported to CSES.



**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT – CONTINUED**

*Finding (2017-001)* – Continued

- Actual total enrolled days were different from the enrolled days uploaded on the CSES. For seventeen students, significant differences were noted.
- Average daily enrollment (“ADE”) calculation based on school records for seven students were significantly different from the ADE uploaded on the CSES.
- Two students under Reduced Lunch status were incorrectly reported under Free Lunch status on the October 15, 2016 CSES.
- Nineteen students who have documentations on file for Free Lunch status were not reported on the October 15, 2016 CSES.

*Recommendation (2017-001)*

We recommend for management to re-enforce policies and procedures over the review and use of electronic information reported to the State of New Jersey’s Charter School Enrollment System, because student enrollment is the source of data for charter school’s funding. Enrollment data reported to the State are to be verified for accuracy and completeness. Electronic information carried over from the State’s database still need to be reviewed, and if necessary, updated to reflect correct and accurate student records and information.

*Management’s Response (2017-001)*

We will increase our efforts in the review of information entered into the Charter School Enrollment System to ensure accuracy and completeness of data reported.

*Finding (2017-002)*

The Household Information Surveys were not reviewed by a Confirming Official as required by the State of New Jersey’s Department of Education (“NJDOE”).

*Recommendation (2017-002)*

All documentation for which state aid is based must be reviewed. The Charter School’s administration must identify at least one Confirming Official in administering NJDOE Household Information Survey.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT – CONTINUED**

Management's Response (2017-002)

A confirming official was designated and had reviewed the NJDOE Household Information. Moving forward, we will ensure that the review process is documented properly through sign-offs.

Finding (2017-003)

We noted the following during our review of the Charter School's records on special education or speech only services:

- Three students were reported under speech only classification on the Charter School Enrollment System ("CSES") but did not receive the related services.
- Two students who were identified and began receiving special education services prior to October 15, 2016 were not reported on the CSES.
- One student who was identified receiving speech only services was incorrectly identified as a special education student on the CSES.

Recommendation (2017-003)

The Charter School must establish and implement procedures to ensure reporting of Special Education Categorical Aid for students who are identified and receiving related services prior to the October 15th CSES reporting deadline.

Management's Response (2017-003)

This recommendation has been implemented in early October 2017 through careful review of information entered into the system for each student requiring Special Education services. We understand that the correction process must be done by October 15th of each School Year. Both the program coordinator and administrative staff responsible for the reporting process completed the review and entry of information by the October 15th deadline.

**FACILITIES AND CAPITAL ASSETS**

Our procedures included a review of policies and procedures adopted by the Charter School over its Capital Assets. We noted that acquisitions during the year met the capitalization threshold of \$2,000 set by the State of New Jersey's Department of Education for Charter Schools.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FOLLOW-UP ON PRIOR YEAR FINDINGS**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Prior year findings were repeated in 2017 and included in this year's findings and recommendations as item 2017-002. The reported findings refer to the following: a) the names of three students reported in the CSES do not agree with the names recorded in the school enrollment records; b) the grade level of one student reported in the CSES does not agree with the grade level reported in the school register; c) the state identification number of one student reported in the CSES does not agree with the identification number in the school register; d) actual total enrolled days for three students were significantly different from the enrolled days uploaded in the CSES; and e) one student who transferred out prior to October 15, 2015 was still reported in the CSES as of the aforementioned date.

JERSEY CITY COMMUNITY CHARTER SCHOOL  
(COUNTY OF HUDSON, NEW JERSEY)  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF OCTOBER 15, 2016

Grades	Submission to DOE On Roll	Reported on Work Papers	Verified Signed Registration	Errors	Verified No. of Days Enrolled	Errors	Special Ed and/or Bilingual	Verified Documentation	Errors	Verified No. of Days Services Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	60	62	31	2	31	2	1	-	-	-	-	52	27	-
Grade 1	61	61	29	-	29	-	1	1	-	1	-	53	25	-
Grade 2	66	66	38	-	38	-	8	5	-	5	-	53	31	-
Grade 3	67	67	29	-	29	-	4	2	-	2	-	51	21	-
Grade 4	65	66	35	1	35	1	8	4	-	4	-	50	25	1
Grade 5	64	64	30	-	30	-	6	2	1	2	1	46	26	1
Grade 6	54	55	34	1	34	1	7	4	-	4	-	54	29	1
Grade 7	66	66	35	-	35	-	6	2	1	2	1	44	30	1
Grade 8	60	60	22	-	22	-	4	1	-	1	-	54	20	1
Total	563	567	283	4	283	4	45	21	2	21	2	457	234	5
Percentage				<u>1.41%</u>		<u>1.41%</u>			<u>4.44%</u>		<u>4.44%</u>			<u>2.14%</u>

JERSEY CITY COMMUNITY CHARTER SCHOOL  
(COUNTY OF HUDSON, NEW JERSEY)  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF JUNE 22, 2017 (LAST DAY OF SCHOOL FOR 2017)

Grades	Submission to DOE On Roll	Reported on Work Papers	Verified Signed Registration	Errors	Verified No. of Days Enrolled	Errors	Special Ed and/or Bilingual	Verified Documentation	Errors	Verified No. of Days Services Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	63	66	34	3	28	3	1	2	1	2	1	52	29	2
Grade 1	63	63	34	-	35	-	1	-	-	-	-	53	29	2
Grade 2	68	68	30	-	35	-	8	3	-	3	-	53	23	1
Grade 3	68	68	39	-	36	-	4	2	-	2	-	51	34	2
Grade 4	66	66	31	-	36	-	8	4	-	4	-	50	29	2
Grade 5	65	65	35	-	34	-	6	2	1	2	1	46	25	-
Grade 6	54	54	21	-	34	-	7	2	1	2	1	54	18	-
Grade 7	66	66	31	-	33	-	6	5	-	5	-	44	26	1
Grade 8	60	60	38	-	30	-	4	3	-	3	-	54	29	4
Total	573	576	293	3	301	3	45	23	3	23	3	457	242	14
Percentage				<u>1.02%</u>		<u>1.00%</u>			<u>6.67%</u>		<u>6.67%</u>			<u>5.79%</u>

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED JERSEY CITY COMMUNITY CHARTER SCHOOL**

**AUDIT RECOMMENDATIONS SUMMARY**

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. Enrollment Counts and Submissions to the Department

a. 2017-001

We recommend for management to re-enforce policies and procedures over the review and use of electronic information reported to the State of New Jersey's Charter School Enrollment System, because student enrollment is the source of data for charter school's funding. Enrollment data reported to the State are to be verified for accuracy and completeness. Electronic information carried over from the State's database still need to be reviewed, and if necessary, updated to reflect correct and accurate student records and information.

b. 2017-002

All documentation for which state aid is based must be reviewed. The Charter School's administration must identify at least one Confirming Official in administering NJDOE Household Information Survey.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
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– CONTINUED JERSEY CITY COMMUNITY CHARTER SCHOOL**

**AUDIT RECOMMENDATIONS SUMMARY - CONTINUED**

6. Enrollment Counts and Submissions to the Department – Continued

c. 2017-003

The Charter School must establish and implement procedures to ensure reporting of Special Education Categorical Aid for students who are identified and receiving related services prior to the October 15th CSES reporting deadline.

7. Facilities and Capital Assets

None

8. Status of Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings, except for similar item reported under item 2017-001.