

**ENVIRONMENT COMMUNITY OPPORTUNITY CHARTER SCHOOL
COUNTY OF CAMDEN**

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

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



ENVIRONMENT COMMUNITY OPPORTUNITY CHARTER SCHOOLAuditor'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 Chairperson and
Members of the Board of Trustees
Environment Community Opportunity Charter School
County of Camden, New Jersey 08102

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 Environment Community Opportunity Charter School, in the County of Camden, 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 Environment Community Opportunity 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)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Ann Garcia	Board Secretary / School Business Administrator (July 1 – Dec. 31)	\$10,000.00
Christina Murphy	Board Secretary / School Business Administrator (Jan. 1 – June 30)	158,700.00
Jeffrey M. Berk	Treasurer	158,700.00

There is an Employee Dishonesty Blanket Position Bond with The School Alliance Insurance Fund covering all other employees with multiple coverage of \$500,000.00.

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 Lead Person/Head of School and were certified by the Chairman 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 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.

TPAF Reimbursement to the 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 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, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

28600

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&softpage=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 and eligibility applications were inspected on a test check basis. No exceptions were noted.

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

Vendor invoices were sampled 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.

There were no employees in the school food service. The Charter School purchases packaged meals from a contracted vendor.

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

For the fiscal year ended June 30, 2015, the Charter School did not maintain a Student Activity Fund.

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

We have inspected any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). Corrective action had been taken on all findings in the report dated February 4, 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



Michael D. Cesaro
Public School Accountant No.01191

ENVIRONMENT COMMUNITY OPPORTUNITY CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OCTOBER 15, 2014

Grade	Submission to DOE reported On Roll	Sample												
		Reported on Workpapers	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	41	21			21							19	19	
One	52	26			26	6	6		6		23	23		
Two	53	27			27	4	4		4		25	25		
Three	43	21			21	2	2		2		21	21		
Four	26	13			13	1	1		1		10	10		
Five	16	8			8						8	8		
Six														
Seven														
Eight														
Nine														
Ten														
Eleven														
Twelve														
Total	- 231	- 116	-	-	- 116	-	- 13	-	- 13	-	- 13	- 106	- 106	-

Percentage

ENVIRONMENT COMMUNITY OPPORTUNITY 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			Low Income	Verified Documentation	Errors
							Special Ed & or Bilingual	Verified Documentation	Errors			
Kindergarten	41	20			20					17		17
One	52	26			26	2	2		2	22		22
Two	53	26			26	2	2		2	25		25
Three	43	22			22	2	2		2	19		19
Four	26	13			13	3	3		3	11		11
Five	16	8			8					7		7
Six												
Seven												
Eight												
Nine												
Ten												
Eleven												
Twelve												
Total	- 231	- 115	-	-	- 115	-	- 9	- 9	-	- 9	-	- 101

Percentage

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 3,119,997.23</u> (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	_____ 272,835.23 (B2a)
Assets Acquired Under Capital Leases	_____ (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 2,847,162.00</u> (B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>\$ 56,943.24</u> (B4)
Enter Greater of (B4) or \$250,000	<u>250,000.00</u> (B5)
Increased by: Allowable Adjustment *	_____ - (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5) + (K)]	<u>\$ 250,000.00</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	<u>5,923,444.18</u> (C)
Decreased by:	
Year-end Encumbrances	_____ 19,884.91 (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 ****	<u>4,575,000.00</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	_____ (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,328,559.27</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 1,078,559.27</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2015

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	_____ (C3)
Restricted - Excess Surplus *** [(E)]	<u>\$ 1,078,559.27</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 1,078,559.27</u> (D)

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c.46 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);

- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

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 Worksheet Line 90031.

*** Amount must agree to the June 30, 2014 CAFR and must agree to the Audit Summary Worksheet 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 an other 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	\$ 4,500,000.00
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	75,000.00

[Other Restricted Fund Balance not noted above]****

Total Other Restricted Fund Balance	_____	\$ 4,575,000.00 (C4)
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