

AMANI PUBLIC CHARTER SCHOOL

ADVISORY COMMENT LETTER

JUNE 30, 2019



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

October 26, 2019

To the Board of Trustees
Amani Public Charter School

In planning and performing our audit of the financial statements of Amani Public Charter School as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Amani Public Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Amani Public Charter School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During the course of our audit of the financial statements of the Charter School as of and for the year ended June 30, 2019, we observed the entity's significant accounting policies and procedures and certain business, financial, and administrative practices. As a result of our observations, we suggest you consider the following comment which we do not consider to be a significant deficiency or material weakness:

Accounts Receivable

During our audit, we noted there was a significant amount in accounts receivable that was an older balance. Upon review with management the receivable was determined to be uncollectible. This led to a significant adjustment in which the receivable and related revenue were written off.

Recommendation

We recommend the Charter School implement a formal process to reconcile and follow-up on outstanding receivables on a monthly basis to determine amounts are still expected to be collectible.

Status of matters included in our letter as of June 30, 2015, dated October 20, 2015

Billing for Special Education Services and Review of Reconciliation

During our audit, we tested the billing of special education services as well as the school's reconciliation of services provided and billed. We noted one student was provided services and tracked in the detailed reconciliation, but was not billed initially.

Recommendation

We recommend the Charter School review per pupil and special education full time equivalent reconciliations for accuracy and completeness to ensure services billed for are proper.

Status at June 30, 2016

We noted per pupil and special education full time equivalents appeared to be properly calculated for the year ended June 30, 2016. However, we noted the special education billing rate used by the Charter School had not been updated to the appropriate rate based on the students' districts of residence, leading to unbilled amounts the Charter School would otherwise be entitled to receive. We recommend the Charter School review special education tuition rates for accuracy and completeness to ensure amounts billed for are proper and represent the entire amount due.

Status at June 30, 2017

During our audit, we noted on the original reconciliation that the incorrect special education billing rate was used, consistent with previous years. When we were provided with an updated reconciliation for the changes related to Reconciliation of Per Pupil Revenue, we noted the appropriate special education billing rates had been reflected. We recommend the Charter School review special education tuition rates for accuracy and completeness to ensure amounts billed during the year are proper and represent the entire amount due.

Status at June 30, 2018

During our 2018 audit, we noted special education services were billed at the correct rate during the year.

Status at June 30, 2019

We noted the special education billing rate used by the Charter School had not been updated to the appropriate rate based on the students' districts of residence. We recommend the Charter School review special education tuition rates for accuracy and completeness to ensure amounts billed are proper and represent the entire amount due.

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This communication is intended solely for the information and use of Management, Board Members, others within the organization, and governmental authorities and is not intended to be, and should not be, used by anyone other than these specified parties.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with Government Auditing Standards in considering Amani Public Charter School's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

We appreciated the cooperation from your staff that our personnel received during the audit of Amani Public Charter School's financial statements. Should you have any question or comments, please contact Jackie Lee or Kurt Button.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

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