

**INDEPENDENT AUDITOR'S MANAGEMENT
REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**JERSEY CITY GLOBAL
CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

JUNE 30, 2020

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS LLP**

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of Board of Trustees
Jersey City Global Charter School
County of Hudson, 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 Jersey City Global Charter School (the "Charter School") in the County of Hudson, State of New Jersey for the year ended June 30, 2020, and have issued our report thereon dated January 12, 2021.

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 blue ink, appearing to read "Leonora Galleros".

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

Galleros Robinson CPAs, LLP

Galleros Robinson CPAs, LLP
Certified Public Accountants

January 12, 2021
Cream Ridge, New Jersey

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

**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 of Jersey City Global Charter School (the "Charter School"), and the records of the various funds under the auspices of the Board of Trustees.

Administrative Practices and Procedures

Insurance

Fire insurance coverages are 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)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bima Baje	School Business Administrator	\$200,000

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 did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Finding 2020-001

During our audit, we have noted five (5) paid claims with confirming purchase orders. Goods or services were procured prior to approved purchase orders as noted on vendor invoice dates.

Recommendation

The Charter School should consistently implement its policies and procedures on purchasing goods and services. Approved purchase orders must be obtained to ensure availability of funds and compliance with applicable policies and procedures.

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, 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, the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding 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, 2020, 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 by the Board 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: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, we randomly selected 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*. As a result of the procedures performed, a transaction error rate of 1.90 percent overall was noted, and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

We reviewed the Board Secretary's financial and accounting records maintained by the Business Office and noted that monthly reports are provided to the Board for review and approval.

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

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

Financial Planning, Accounting, and Reporting - Continued

Elementary and Secondary Education Act (ESEA) as amended by Every Student Succeeds Act (ESSA)

The ESEA 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 VI of the ESEA as amended and reauthorized.

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 special projects.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the bi-monthly reimbursements filed with the Department of Education for Charter School employees who are members of the Teachers' Pension and Annuity Fund. No exceptions noted.

TPAF 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.

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.

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, 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 \$19,600 for 2019-20.

The 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. 18A:18A-5.

School Food Service

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, 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.

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

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

School Food Service – Continued

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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

We noted during our audit that the Charter School did not seek food reimbursement from April 1, 2020 to June 30, 2020. Per the School Business Administrator, due to the COVID-19 pandemic parents were not picking up food. As a result, the Charter School stopped serving food for the period April 1, 2020 to June 30, 2020.

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.

Non-program foods were not purchased, prepared, sold, or offered for sale, comment in kind.

We 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

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. We have not noted any exception.

Facilities and Capital Assets

The Charter School has inventory records of assets. No exception was noted in this area.

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 Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

**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 including findings. Corrective action plan had been taken on all prior year findings.

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, CPA
Public School Accountant
PSA No. 20CS00239400

Galleros Robinson CPAs, LLP

Galleros Robinson CPAs, LLP
Certified Public Accountants

January 12, 2021
Cream Ridge, New Jersey

**JERSEY CITY GLOBAL CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2019**

Grades	Submission to DOE reported On Roll	Reported on		50% Verification			Verified signed			Verified #			Submission to DOE Reported			Verified # days			Low			Verified		
		workpapers	Errors	required 10/15/19	registration forms	Errors	days enrolled	Errors	Special Ed/ Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors								
Kindergarten	86	86	0	43	43	0	43	0	0	0	0	0	9	9	0									
One	88	88	0	44	44	0	44	0	0	0	0	0	16	16	0									
Two	70	70	0	35	35	0	35	0	1	1	0	1	13	13	0									
Three	62	62	0	31	31	0	31	0	1	1	0	1	15	15	0									
Four	47	47	0	23	23	0	23	0	2	2	0	2	9	9	0									
Five	32	32	0	16	16	0	16	0	3	3	0	3	10	10	0									
Six	36	36	0	18	18	0	18	0	3	3	0	3	11	11	0									
Seven	39	39	0	20	20	0	20	0	3	3	0	3	14	14	0									
Eight	23	23	0	12	12	0	12	0	1	1	0	1	7	7	0									
Total	483	483	0	242	242	0	242	0	14	14	0	14	104	104	0									
Percentage			0.0%			0%		0%			0%				0%									

**JERSEY CITY GLOBAL CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY - JUNE 18, 2020**

Grades	Submission to DOE reported On Roll	Reported on		50% Verification required 6/30/20			Verified signed registration forms		Verified # days enrolled		Submission to DOE Reported Special Ed/ Bilingual			Verified documentation		Verified # days Service Provided		Low Income		Verified documentation		Errors
		workpapers	Errors	required	Errors	Errors	days	Errors	Special Ed/ Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors						
Kindergarten	84	84	0	42	42	0	42	0	0	0	0	0	0	0	0	9	9	0				
One	84	84	0	42	42	0	42	0	1	1	0	1	0	15	15	0						
Two	67	67	0	33	33	0	33	0	1	1	0	1	0	13	13	0						
Three	61	61	0	30	30	0	30	0	1	1	0	1	0	16	16	0						
Four	47	47	0	24	24	0	24	0	1	1	0	1	0	8	8	0						
Five	31	31	0	16	16	0	16	0	2	2	0	2	0	9	9	0						
Six	35	35	0	17	17	0	17	0	3	3	0	3	0	11	11	0						
Seven	39	39	0	20	20	0	20	0	4	4	0	4	0	13	13	0						
Eight	23	23	0	12	12	0	12	0	1	1	0	1	0	7	7	0						
Total	471	471	0	236	236	0	236	0	14	14	0	14	0	101	101	0						
Percentage			0.0%			0%		0%			0%		0%			0%						

**JERSEY CITY GLOBAL CHARTER SCHOOL
(COUNTY OF HUDSON, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2020

SECTION 1

A. 2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 5,166,233 (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	\$ 149,673 (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 5,016,560 (B3)</u>
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ 100,331 (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 250,000 (B5)</u>
Increased by: Allowable Adjustment *	\$ _____ - (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 250,000 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 1,527,293 (C)
Decreased by:	
Year-end Encumbrances	\$ 1,145,586 (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>\$ 381,707 (U1)</u>
Excess Surplus at June 30, 2020	<u>\$ 131,707</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, 2020

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."

**JERSEY CITY GLOBAL CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY**

AUDIT RECOMMENDATIONS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2020

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

We recommend a review of vendor files to ensure that all supporting documents including approved purchase orders, vendor invoices and certifications are obtained and maintained. Further, expenses should always follow the Charter School's purchasing policy.

III. School Purchasing Programs

There are none.

IV. School Food Service

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

Not Applicable.

VII. Charter School Enrollment System/Charter School Aid

There are none.

VIII. Pupil Transportation

Not Applicable.

IX. Facilities and Capital Assets

There are none

X. Miscellaneous

There are none

XI. Status of Prior Year Findings

A review was performed on all prior year recommendations. Corrective actions had been completed.