

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

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**ACADEMY FOR URBAN LEADERSHIP
CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

JUNE 30, 2021

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS LLP**

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of Board of Trustees
Academy for Urban Leadership Charter School
County of Middlesex, 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 Academy for Urban Leadership Charter School (the "Charter School") in the County of Middlesex, State of New Jersey for the year ended June 30, 2021, and have issued our report thereon dated January 26, 2022.

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 black ink that reads "Leonora Galleros".

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

A handwritten signature in black ink that reads "Galleros Robinson CPAs, LLP".

Galleros Robinson CPAs, LLP
Certified Public Accountants

January 26, 2022
Cream Ridge, New Jersey

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, 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 Academy for Urban Leadership 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

Required 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>
Gail Long (effective 6/15/2020)	School Business Administrator	\$184,000
Patrick J. De Blasio	Treasurer	\$184,000

Adequate insurance is in effect with a duly licensed and authorized insurance company for all employees for the faithful performance of their duties.

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 we noted that claims were approved by designated individuals, certified and supporting documents were maintained.

Finding 2021-001

In our review of claims, we noted that there were two (2) of 40 claims examined that has invoices for goods or services dated before the purchase orders.

Recommendation

We recommend that purchasing of goods or services expenses should always follow the Charter School's purchasing policy.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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. In addition, salary withholdings were remitted to the proper agencies.

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, 2021, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable, no exception noted.

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:23-2.2(g)* and line item details as described in the Budget Summary Key as part of our test of transactions of judgmentally selected expenditure items.

We also reviewed coding of all expenditures included in our Compliance and Single Audit testing procedures. In addition to the selected expenditures items, we specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.2*. As a result of the procedures performed, a minimal transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

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

Financial Planning, Accounting, and Reporting - Continued

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.

Finding 2021-002

Some Board Secretary's Reports and the Treasurer's Reports were presented late to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36). The reports for the months of July, August and September 2020 were not presented until the February 2021 meeting, the October and November 2020 reports were not presented until the March 2021 meeting while the January and February 2021 reports were not presented until the May 2021 meeting. The Board Secretary and Treasurer's reports for the months of March 2021, April 2021, May 2021 and June 2021 were presented timely.

Recommendation

The Board Secretary's Report and Treasurer's report should be presented monthly to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36).

Finding 2021-003

The financial records were not readily available during the audit. The revenue, expenses and receivables of Special Revenue Fund balances were not reconciled to reimbursements. As a result, there were several trial balance revisions to correct special revenue fund revenue and expenses, interfund and payroll account balances.

Recommendation

We recommend streamlining the general ledger accounts and reconciliation throughout the year. Training of personnel and familiarization with the use of accounting system is also suggested.

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and presented to the Board. However, the reports were not presented in a timely manner. Please refer to Finding 2021-002.

Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. 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 Elementary and Secondary Education Act as amended and reauthorized.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

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

Financial Planning, Accounting, and Reporting - Continued

Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA) - continued

Finding 2021-004* (CAFR Finding 2021-001)*

We also observed that all time and activity report for Title I were provided but signed by the supervisor on November 2021 and by the employees on December 2021.

Recommendation

The Charter School should ensure that federally funded employee salaries have a proper and timely review of time and activity certification in accordance with Uniform Guidance 2 C.F.R. 200.302.

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 aforementioned special projects.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the electronic reimbursements filed with the Department of Education for Charter School employees who are members of the Teacher's Pension Annuity Fund. We noted no exceptions.

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 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, and subsequent to the 90 days required by N.J.S.A. 18A:66-90.

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 \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 2020-21.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

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

School Purchasing Programs - Continued

Contracts and Agreements Requiring Advertisement for Bids - continued

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 students during the emergency.

The school food service program was not selected as a major federal and/or State program and program expenditures is below \$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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

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

School Food Service - Continued

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 inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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

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 and noted the following:

Finding 2021-005

Two students with ADE of 0.4 in the Charter School's attendance records were reported in CHE with ADE of 1.0.

Recommendation

We recommend that the School verify that CHE reported to the State is in accordance with the most recent student records for the fiscal year.

Student Body Activities

Student activities during the fiscal year ended June 30, 2021 were accounted for. No exceptions were noted in this area.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

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

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).

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Repeat recommendations are identified with an asterisk (*). All other recommendations had been addressed through corrective actions.

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
Certified Public Accountants

January 26, 2022
Cream Ridge, New Jersey

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2020**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 10/15/20		Verified signed registration forms		Verified # days enrolled		Submission to DOE Reported Special Ed/ Bilingual		Verified documentation Errors		Verified # days Service Provided		Low Income		Verified documentation Errors	
		Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors
Seven	36	36	-	18	18	-	18	-	18	1	1	-	1	-	1	-	28	28	-
Eighth	67	67	-	34	34	-	33	1	33	2	2	-	2	-	2	-	49	49	-
Nine	88	88	-	44	44	-	44	-	44	5	5	-	5	-	5	-	69	69	-
Ten	104	104	-	52	52	-	52	-	52	7	7	-	7	-	7	-	77	77	-
Eleven	89	89	-	44	44	-	43	1	43	5	5	-	5	-	5	-	65	65	-
Twelve	102	102	-	50	50	-	50	-	50	2	2	-	2	-	2	-	79	79	-
Total	486	486	-	242	242	-	240	2	240	22	22	-	22	-	22	-	367	367	-
Percentage			0%			0%		1%				0%			0%				0%

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2021**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 6/30/21		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	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors	Errors
Seven	36	36	-	18	18	-	18	0	1	1	-	1	-	29	29	-			
Eighth	67	67	-	34	34	-	33	0	2	2	-	2	-	54	54	-			
Nine	89	89	-	45	45	-	45	0	6	6	-	6	-	73	73	-			
Ten	106	106	-	53	53	-	53	0	7	7	-	7	-	89	89	-			
Eleven	85	85	-	42	42	-	41	0	5	5	-	5	-	65	65	-			
Twelve	108	108	-	53	53	-	53	0	2	2	-	2	-	87	87	-			
Total	491	491	-	245	245	-	243	0	23	23	-	23	-	397	397	-			
Percentage			0%			0%		0%			0%		0%			0%			0%

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2021

SECTION 1

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 8,795,315 (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	\$ 1,645,899 (B2a)
Assets Acquired Under Capital Leases	\$ - (B2b)
Adjusted 202-21 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 7,149,416 (B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$ 285,977 (B4)
Enter Greater of (B4) or \$250,000	\$ 285,977 (B5)
Increased by: Allowable Adjustment *	\$ - (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 285,977 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 1,988,422 (C)
Decreased by:	
Year-end Encumbrances	\$ 336,907 (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)]	\$ 1,651,515 (U1)
Excess Surplus at June 30, 2021	\$ 1,365,538

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, 2021

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures **	\$ - (C3)
Reserved Excess Surplus ***[(E)]	\$ - (E)
Total Excess Surplus [(C3) + (E)]	\$ - (D)

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."

**ACADEMY FOR URBAN LEADERSHIP CHARATER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

AUDIT RECOMMNEDATIONS SUMMARY - CONTINUED

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting*

1. We recommend that expenses should always follow the Charter School's purchasing policy.
2. The Board Secretary's Report and Treasurer's Report should be presented monthly to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36).
3. We recommend streamlining the general ledger accounts and reconciliation throughout the year. Training of personnel and familiarization with the use of accounting system is also suggested.
4. The Charter School should ensure that semi-annual or monthly time and activity certification for federally funded employee salaries are prepared and reviewed timely in accordance with Uniform Guidance 2 C.F.R. 200.302.

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 Aid

Not Applicable.

**ACADEMY FOR URBAN LEADERSHIP CHARATER SCHOOL
COUNTY OF MIDDLESEX, NEW JERSEY**

AUDIT RECOMMNEDATIONS SUMMARY - CONTINUED

VII. Charter School Enrollment System/Charter School Aid*

5. We recommend that the School verify that CHE reported to the State is in accordance with the most recent student records for the fiscal year.

VIII. Pupil Transportation

Not Applicable.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year recommendations. Corrective actions had been completed or are still in process on prior findings, with the exception of those that are identified as repeat or partially similar to findings in this year's recommendation. Repeat recommendations are identified with an asterisk (*).