

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

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

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

JUNE 30, 2022

**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, 2022, and have issued our report thereon dated March 14, 2023.

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 that reads "Leonora Galleros".

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

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

Galleros Robinson CPAs, LLP
Certified Public Accountants

March 14, 2023
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

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

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. However, in accordance with the bill amendment on June 2021, Chapter 44 is only applicable to Charter Schools that has a collective bargaining agreement. Jersey City Global Charter School do not have a collective bargaining agreement thus, this provision is not applicable.

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

Finding 2022-001*

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation except for two (2) claims with purchase orders signed after the invoice date.

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

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Financial Planning, Accounting, and Reporting - Continued

Examination of Claims - Continued

Finding 2022-001* - continued

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.

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.

Finding 2022-002

During our payroll testing, there was one (1) employee sample which do not have a signed employment agreement on file for the fiscal year. Salary paid for the year was based on the unsigned employment agreement.

Recommendation

Required documentation for employees should be kept by the Charter School on file.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2022, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable. No exception was noted in this area.

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

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

Financial Planning, Accounting, and Reporting - Continued

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.

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.

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

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

Financial Planning, Accounting, and Reporting - Continued

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.

During the fiscal year, the Charter School did not charge TPAF employees in its federally funded programs, thus, no reimbursement was necessary.

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 \$20,200 effective 2021-22.

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.

Finding 2022-003 (ACFR Finding 2022-001 and 2022-002)

During our claims testing, we noted a payment that the Board has approved on 5/3/2022 for \$315,450 representing a partial payment of a construction expense for a change order invoice in the amount of \$502,634, dated 4/6/2022, with a purchase order date of 5/3/2022. Further review of documentation of the related construction costs, we noted that the change orders of \$502,634 dated 4/6/2022 and \$27,300 dated 12/1/2021 are not board approved as required prior to change orders being incurred. No board resolutions were passed to document approval for both changed orders.

We also noted that the Charter School made attempts to obtain certified payrolls from the construction vendor but none was provided.

Recommendation

We recommend that the Charter School strictly implement its purchasing policies and change order requirements and related state purchasing policies.

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

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

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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

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). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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.

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.

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.

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.

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

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

Charter School Enrollment System/Charter School Aid – Continued

Finding 2022-004*

In our review of enrollment information as reported in the CHE and as per school records, we noted the following:

- a. There were three (3) students with no birth certificate on file.
- b. There was one (1) student with proof of address that has different address and addressee.
- c. There was one (1) student with ADE of 1.0 in CHE but only 0.4 in the Charter School's attendance records.
- d. There was (1) student with ADE of 0.4 in CHE but should be 0.7 in the Charter School's attendance records.
- e. There was one (1) student with no application form and was not included in direct certification list
- f. There was one (1) Special Education students that did not have an IEP effective October 15, 2021.

Recommendation

We recommend that the Charter School review the System entries for accurate posting of student information in the System. We also recommend review procedures for file maintenance. Reconciliation and review procedures of information should also be conducted on a periodic basis.

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. Corrective actions had been completed or are still in process on prior year findings, with the exception of those that are identified as repeat (*) or partially similar to findings in this year's recommendation.

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

March 14, 2023
Cream Ridge, New Jersey

**JERSEY CITY GLOBAL CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2021**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 10/15/21	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			
Kindergarten	68	68	-	34	34	-	34	-	-	-	-	-	-	-	-	-
One	83	83	-	42	42	-	41	1	3	3	-	3	-	16	16	-
Two	64	64	-	32	32	-	32	-	-	-	-	-	-	12	12	-
Three	69	69	-	35	35	-	35	-	3	2	1	3	-	18	18	-
Four	51	51	-	26	26	-	26	-	2	2	-	2	-	19	19	-
Five	44	44	-	22	22	-	22	-	3	3	-	3	-	19	19	-
Six	28	28	-	14	14	-	14	-	2	2	-	2	-	12	12	-
Seven	22	22	-	10	10	-	10	-	3	3	-	3	-	10	10	-
Eight	31	31	-	15	15	-	15	-	6	5	1	6	-	13	12	1
Total	460	460	-	230	230	-	229	1	22	20	2	22	-	119	118	1
Percentage			0%			0%		0%			9%		0%			1%

**JERSEY CITY GLOBAL CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2022**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 6/30/22	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				
Kindergarten	66	66	-	33	33	-	33	-	-	-	-	-	-	-	-	-	-
One	77	77	-	39	39	-	38	1	2	2	-	2	-	16	16	-	
Two	56	56	-	28	28	-	28	-	-	-	-	-	-	12	12	-	
Three	66	66	-	33	33	-	33	-	2	1	1	2	-	18	18	-	
Four	49	49	-	25	25	-	25	-	2	2	-	2	-	19	19	-	
Five	44	44	-	22	22	-	22	-	2	2	-	2	-	19	19	-	
Six	28	28	-	14	14	-	14	-	2	2	-	2	-	12	12	-	
Seven	21	21	-	11	11	-	11	-	2	2	-	2	-	10	10	-	
Eight	32	32	-	16	14	2	16	-	6	6	-	6	-	13	12	1	
Total	439	439	-	221	219	2	220	1	18	17	1	18	-	119	118	1	
Percentage			0%			1%		0%			6%		0%			1%	

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

EXCESS SURPLUS CALCULATION

June 30, 2022

SECTION 1

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 6,455,177 (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	\$ 905,535 (B2a)
Assets Acquired Under Capital Leases	\$ - (B2b)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 5,549,642 (B3)</u>
2% of Adjusted 2021-22 General Fund Expenditures [(B3) times .02]	<u>\$ 221,986 (B4)</u>
Enter Greater of (B4) or \$250,000	<u>\$ 250,000 (B5)</u>
Increased by: Allowable Adjustment *	<u>\$ - (K)</u>
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 250,000 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 2,278,672 (C)
Decreased by:	
Year-end Encumbrances	\$ - (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>\$ 2,278,672 (U1)</u>
Excess Surplus at June 30, 2022	<u>\$ 2,028,672</u>

SECTION 3

Restricted Fund Balance – Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ - (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2022

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. Accordingly, charter school auditors are not required to document the calculation of excess surplus.

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

AUDIT RECOMMENDATIONS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2022

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. 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.*
2. Required documentation for employees should be kept by the Charter School on file.

III. School Purchasing Programs

3. We recommend that the Charter School strictly implement its purchasing policies and change order requirements and related state purchasing policies.

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

4. We recommend that the Charter School review the System entries for accurate posting of student information in the System. We also recommend review procedures for file maintenance. Reconciliation and review procedures of information should also be conducted on a periodic basis.

VIII. Pupil Transportation

Not Applicable.

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

AUDIT RECOMMENDATIONS SUMMARY - CONTINUED

IX. Facilities and Capital Assets

There are none

X. Miscellaneous

There are none

XI. Status of Prior Year Findings

Corrective actions had been completed or are still in process on prior year findings, with the exception of those that are identified as repeat (*) or partially similar to findings in this year's recommendation.