

**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, 2024

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS LLP**

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

TABLE OF CONTENTS

	<u>PAGE NO.</u>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	3
Reserve for Encumbrances and Accounts Payable.....	3
Travel Policy.....	3
Classification of Expenditures	3
▪ General Classification	
▪ Administrative Classification	
Board Secretary's Records.....	4
Treasurer's Records	4
Elementary and Secondary Education Act as amended by the Every Student Succeeds Act (ESSA).....	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursements to State for Federal Salary Expenditures	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	5
Charter School Enrollment System/Charter School Aid	6
Student Body Activities	6
Facilities and Capital Assets	6
Miscellaneous	
Testing for Lead of All Drinking Water in Educational Facilities	6-7
Follow-up on Prior Year Findings	7
Acknowledgment	8
Schedule of Meal Count Activity	N/A
Schedule of Audited Enrollments	9-10
Excess Surplus Calculation	11
Schedule of Audit Recommendations	12-13



INDEPENDENT AUDITOR'S REPORT

To the 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, 2024, and have issued our report thereon dated February 26, 2025.

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

February 26, 2025
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 ACFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bernadette Pinto	School Business Administrator	\$200,000
Patrick 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.

P.L.2020, c.44

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 bill includes a provision that permits charter school employers to not implement Chapter 44 unless they have a collective negotiation agreement with any of their employees in place on or after the law's effective date.

The Charter School does not have a collective negotiation agreement in place, and therefore, is not required to implement Chapter 44.

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

Upon examination of claims paid during the period under audit, we noted that claims were approved by designated individuals, certified and supporting documents were maintained.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
COUNTY OF MIDDLESEX, 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. 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, 2024, 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: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 2024-001

The revenue, expenses and receivables of Special Revenue Fund balances were not timely reconciled to reimbursements. As a result, there were several adjustments made to trial balance to correct special revenue fund revenue and expenses.

Recommendation

The Charter School should ensure that all transactions are recorded and reconciled on a timely basis and presented to the Board as prescribed by prescribed (N.J.S.A.18A:17-9 and 18A:17- 36).

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and presented to the Board by the School Business Administrator

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act 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 ACFR. 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 ACFR. This section of the ACFR 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL COUNTY OF MIDDLESEX, 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 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 \$20,200 for 2023-24.

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

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 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.

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

ADMINISTRATIVE FINDINGS FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED

School Food Service - Continued

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 ACFR.

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.

Student Body Activities

Student activities during the fiscal year ended June 30, 2024 were accounted for. No exceptions were noted in this area.

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).

Long-outstanding Intergovernmental Receivables and Payables

We noted that the Charter School has long-outstanding intergovernmental receivables and payables from from other school districts for State Aid. The Charter School need to increase effort to reconcile and settle amounts with other school districts.

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

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

Miscellaneous - continued

On a letter dated January 17, 2025, the Charter School received a letter from the Office of Fiscal Accountability and Compliance (OFAC) in relation to OFAC's follow up review on findings noted on Case#CM-03-23. The purpose of the follow-up review was to determine if the district has implemented the corrective actions in accordance with the timeline established by the CAP. Based on their report the Charter School did not satisfactorily implement corrective actions for the following findings which remain open:

- CRRSA ESSER II Finding 1 and ARP ESSER Finding 1: To close the review file for these findings, the district must remit \$65,169.38 to the department for the disallowed costs.
- Title I Findings 1-4: These findings have been referred to the Office of Supplemental Education Programs (OSEP) for resolution. Please contact Barbara Pugh in OSEP to review the Title I program related issues noted in these findings. The timeline for resolution will be determined by OSEP.
- Title III Immigrant Finding 1: This finding has been referred to OSEP. Please contact Lori Ramella in OSEP to review the Title III Immigrant program related issue noted in this finding. The timeline for resolution will be determined by OSEP.
- ARP ESSER Finding 2: Although the district has made progress, the CAP has not been fully implemented. As a result, the review file remains open. Please contact Kathryn Holbrook in the Office of Fiscal Accountability and Compliance (OFAC) for guidance regarding the remediation of this finding. The timeline for resolution will be determined by OFAC.
- Title I Finding 5 and Administrative Finding 1: The district failed to provide any documentation to show the CAP had been implemented. As a result, the review file remains open. Please contact Kathryn Holbrook in OFAC for guidance regarding the remediation of these findings. The timeline for resolution will be determined by OFAC.

As of February 26, 2025, the Charter School is in the process of responding to OFAC's follow up letter.

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.

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

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

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

February 26, 2025
Cream Ridge, New Jersey

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2023**

Grades	Submission to DOE reported			50% Verification required 10/15/23				Submission to DOE Reported Special Ed/Bilingual				Low Income		
	On Roll	Reported on workpapers	Errors	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Verified documentation	Errors	Verified # days Service Provided	Errors	Verified documentation	Errors	
Seven	28	28	-	14	14	-	14	1	-	1	-	26	26	-
Eighth	76	76	-	38	38	-	38	2	-	2	-	57	57	-
Nine	52	52	-	26	26	-	26	1	-	1	-	42	42	-
Ten	55	55	-	28	28	-	28	6	-	6	-	43	43	-
Eleven	57	57	-	28	28	-	28	3	-	3	-	49	49	-
Twelve	61	61	-	30	30	-	30	3	-	3	-	48	48	-
Total	329	329	-	164	164	-	164	16	-	16	-	265	265	-
Percentage			0.0%			0%			0%		0%			0%

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2024

Grades	Submission to DOE reported			Verified signed registration			Verified # days enrolled			Submission to DOE Reported Special Ed/ Bilingual			Verified # days Service Provided			Low Income		
	On Roll	Reported on workpapers	Errors	50% Verification required 6/30/24	forms	Errors		Errors		documentation	Errors		Errors			documentation	Errors	
Seven	29	29	-	15	15	-	15	-	1	1	-	1	-	26	26	-		
Eighth	74	74	-	37	37	-	37	-	2	2	-	2	-	57	57	-		
Nine	56	56	-	28	28	-	27	1	1	1	-	1	-	42	42	-		
Ten	60	60	-	30	30	-	30	-	6	6	-	6	-	43	43	-		
Eleven	58	58	-	28	28	-	28	-	3	3	-	3	-	49	49	-		
Twelve	63	63	-	31	31	-	31	-	3	3	-	3	-	48	48	-		
Total	340	340	-	169	169	-	168	1	16	16	-	16	-	265	265	-		
Percentage			0.0%			0%		1%			0%		0%					0%

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

EXCESS SURPLUS CALCULATION

June 30, 2024

SECTION 1

A. 2% Calculation of Excess Surplus

2023-24 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 8,943,450	(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	\$ 1,647,858	(B2a)
Assets Acquired Under Capital Leases	\$ -	(B2b)
Adjusted 2023-24 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 7,295,592	(B3)
2% of Adjusted 2023-24 General Fund Expenditures [(B3) times .04]	\$ 145,912	(B4)
Enter Greater of (B4) or \$250,000	\$ 250,000	(B5)
Increased by: Allowable Adjustment *	\$ -	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 250,000	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2024 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 5,920,721	(C)
Decreased by:		
Year-end Encumbrances	\$ 29,523	(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)]	\$ 5,891,198	(U1)
Excess Surplus at June 30, 2024	\$ 5,641,198	

SECTION 3

Restricted Fund Balance – Excess Surplus***		
[(U1)-(M)] IF NEGATIVE ENTER -0-	\$ -	(E)

Recapitulation of Excess Surplus as of June 30, 2024

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. The Charter School should ensure that all transactions are recorded and reconciled on a timely basis and presented to the Board as prescribed by prescribed (N.J.S.A.18A:17-9 and 18A:17- 36).

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.

VII. Charter School Enrollment System/Charter School Aid

There are none.

VIII. Pupil Transportation

Not Applicable.

IX. Facilities and Capital Assets

There are none.

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

AUDIT RECOMMENDATIONS SUMMARY - CONTINUED

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