



**JERSEY CITY PUBLIC SCHOOLS
COUNTY OF HUDSON, NEW JERSEY**

**MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2016

JERSEY CITY PUBLIC SCHOOLS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Independent Auditors' Report

Honorable President and Members
of the Board of Education
Jersey City Public Schools
County of Hudson, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Jersey City Public Schools, in the County of Hudson, for the year ended June 30, 2016, and have issued our report thereon dated December 5, 2016.

As part of our audit, we performed procedures required by the 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 Jersey City Public School's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 5, 2016
Livingston, New Jersey

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Luigi Campana	Business Administrator/Board Secretary	\$1,900,000
Maureen Cosgrove	Treasurer of School Monies	1,900,000
Sylvia Ullrich	Assistant Treasurer of School Monies	1,900,000

Surety Bond Coverage

There is a Public Employee's Faithful Blanket Position Bond with New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$250,000.

Tuition Charges

The District does not receive students from any sending districts. Therefore, this section is not applicable.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review was performed.

Finding 2016-002:

The District reimbursed several employees who submitted for reimbursement of mileage without providing a detailed travel log in accordance with Board's adopted travel policy. Additionally, these requests were not submitted by the deadlines established by the policy. We also noted two instances where employees were paid in excess of the per diem rates. Lastly, we noted one instance where the attendance at a conference was not approved prior to the event.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Recommendation:

We suggest the District strengthen its internal controls relating to the approval of travel reimbursement requests and verifying appropriate documentation is provided prior to payment.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Salary Account (payroll account). Employees' payroll deductions and employer's share of fringe benefits were deposited in the Salary Escrow Account (payroll agency account).

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary / Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholding due to the general fund.

Payrolls were delivered to the Treasurer of School Monies with a warrant made to her order for the full amount of each payroll.

The following items were identified relating to payroll and human resources:

Finding 2016-003:

The District did not follow internal policies and procedures with respect to the removal of terminated employees from the monthly health benefit billings. During our testing of the District's May 2016 health benefits invoices, we noted the District incurred costs for three former employees that were no longer eligible for District health coverage. Upon further review, we identified that the terminated employees received medical coverage for several months after their departure from the District that were paid for by the District that could have been avoided.

Recommendation:

We suggest the District strengthen its internal controls relating to the timely removal of employees from the District's health insurance coverage to ensure the District is not charged for health benefits after the employee's separation from the District.

Finding 2016-004:

During our testing over opt-out payment for individuals who have waived medical benefits, it was noted that two employees' payments were incorrectly calculated.

Recommendation:

We suggest the District strengthen its internal controls relating to reviewing the health opt-out calculations and rates utilized prior to issuing payment.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Finding 2016-005:

During our testing over accumulated sick and vacation payouts for terminated and retired employees, it was determined that a deceased employee's payout calculation included sick days which was not permissible under the employee's individual contractual agreement. This check was subsequently voided and re-issued for the correct amount.

Recommendation:

We suggest the District strengthen its internal controls relating to reviewing the calculations performed for sick and vacation payouts, including reviewing employees' contracts, prior to issuing payments.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Finding 2016-006:

Several instances were identified where the District did not issue a purchase order prior to goods being received or services being rendered (confirming order). District policy and State regulations require that a properly executed purchase order be issued prior to the purchase of goods or the rendering of services.

Recommendation:

We suggest the District strengthen internal controls and procedures to ensure that all purchase orders issued to vendors for goods or services be approved prior to the vendor providing those goods or services.

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 and haphazardly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selected 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 0.19% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Board Secretary's Records

Our review of financial and accounting records maintained by the Board Secretary disclosed the following item:

Finding 2016-001: Material Weakness in Internal Control

Criteria:

A properly functioning financial statement close process provides an adequate internal control system to ensure that appropriate month and year-end internal controls are in place to ensure that financial statements are produced on a timely basis and are materially accurate.

Condition:

The District's business office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. We noted that there is no formalized process that requires account balances to be reconciled and reviewed in totality.

Context:

There is a lack of oversight of the financial close process and lack of communication between departments to ensure journal entries are properly being posted and account balances are reconciled to subsidiary ledgers.

The following are specific items that warrant consideration related to the financial statement close process:

- The District's general ledger year end balances, within various accounting funds, for several liability accounts, including: accounts payables, accrued salary and wages payable and reserve for encumbrances did not reconcile to detailed subsidiary records.
- There were significant adjustments made to several of the District's funds in order to properly reflect fiscal year 2016 balances.
- There was \$553,000 of revenue and accounts receivable duplicated in the Regional Day School Internal Service Fund.
- There was \$380,000 of revenues recorded incorrectly between the Morningstar and Casper Enterprise Funds.
- The District's reconciled cash balances were not in agreement with the general ledger cash balances.
- The District's bank reconciliations contained outstanding checks that were not valid in the amount of \$3,178,742 in the general and salary escrow accounts.
- The expenditures related to the health benefit appropriation did not agree to the amount paid for health benefits. The expenditures reflected against the budget appropriation were understated by \$2,600,000. Audit adjustments recorded to correct this resulted in an over expended budget appropriation.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

- The District's accounts payable department incorrectly voided entries made for non-cash deductions related to certain State Facility and Special Service Commission expenditures that are directly deducted from general state aid. To correct this entry, the accounting department posted an entry directly to fund balance. An audit adjustment was recorded to reclassify this expenditure, in the amount of \$955,000, to correct the mis-posting which resulted in two over expended budget appropriations.
- The District did not record state aid revenue and receivables in the General and Special Revenue Funds correctly.
- The Capital Projects Fund budget includes available appropriation balances which should be amended to agree to actual activity and reflect modifications from the NJSDA, as well as, project closeouts. This should be maintained and recorded to agree to the audited financial statements.
- The District transferred excess funds, \$1,600,000, to the payroll agency fund general ledger account for summer pay. However, it should be noted that summer pay paid to employees during the summer of 2016 was remitted in the correct amounts.

Cause and Effect:

An appropriately designed financial statement close process system reduces the risk of errors in the financial statements. In addition, audit adjustments were proposed during preparation of the financial statements that could be avoided if the District had a more structured close-out process.

Recommendation:

In order to better document the monthly and year end close processes, we suggest that the District develop a formal financial statement close process document identifying the various procedures performed along with timelines for the procedures and use this document to capture the signatures or initials of the individuals performing and reviewing/approving the various closing procedures. We suggest the District strengthen the controls surrounding the reconciliation procedures of the District's trial balance accounts to ensure all accounts are in agreement with supporting documentation.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer disclosed errors in the Treasurer's report and underlying bank reconciliations which has been included in finding 2016-001.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act of (I.A.S.A.) as reauthorized by the No Child Left Behind Act (NCLB) of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the Comprehensive Annual Financial Report (CAFR). This section of the CAFR documents the financial position pertaining to the projects under NCLB.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

The study of compliance for E.S.E.A./N.C.L.B. indicated the following instances of non-compliance:

Finding 2016-007:

During our testing of payroll expenditures charged to the Title I federal program there were four instances where although the timesheets were reviewed, an immaterial amount was paid and charged to the program incorrectly. In addition, there was an instance where the amount paid and charged was appropriate based on actual hours worked, however, the hours worked were in excess of the approved stipend by an immaterial amount.

Recommendation:

We suggest the District implement another layer of review to ensure that not only is the timesheet approved by a Supervisor to certify the time is worked, but that the amount processed for payment and charged to the budget is correct and does not exceed authorized amounts.

Finding 2016-008:

During our testing over micro purchases using federal funds, two instances were noted where vendors were paid for goods or services in excess of the federal quote threshold and the District did not obtain multiple quotes to ensure that the lowest vendor was selected or provide documentation that multiple quotes were solicited. It should be noted that the threshold for quotes over federal purchases is a lower threshold than New Jersey's school contracts law.

Recommendation:

We suggest that the District ensure that all grant administrators' obtain multiple quotes for items when required if using federal funds.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) located 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.

The study of compliance for other special projects indicated the following exceptions that are required to be reported in accordance with OMB Uniform Guidance or State OMB 15-08:

Finding 2016-009:

During our testing of the District's extraordinary aid supporting cost documentation worksheets, we identified one student whose calculation included costs of \$2,000 that could not be supported.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

In addition, in accordance with the June 30, 2016 Department of Education Extraordinary Special Education Aid guidelines, communicated through a Frequently Asked Questions document, the amount submitted for reimbursement in the extraordinary aid application should be net of any off-setting grants/revenues which are specifically attributable to and received in direct relationship to a specific student listed in the application. Since Medicaid SEMI revenues met that criteria, that revenue should be deducted from the cost for a child for extraordinary aid purposes. The District did not deduct the Medicaid SEMI revenues from the extraordinary aid cost submitted in the extraordinary aid application.

Recommendation:

We suggest the District ensure all costs that are reported in the extraordinary aid application can be properly supported and that any grant revenues that should offset those costs are properly included in the application.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. 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 school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district 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. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Non-Public State Aid

Our review of Nonpublic State Aid completion reports disclosed no exceptions.

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 transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800 for 2015-16.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

The District Board of Education 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.

Procedures were performed on a test basis, to indicate if any individual payments, contracts, or agreements were 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*, as amended.

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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

The cash receipts and bank records were reviewed on a test basis for timely deposits without exception.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently being maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school-by-school basis. The free and reduced price meal policy is uniformly administered throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

USDA Food donation program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR. No exceptions were noted.

Finding 2016-010:

The District's Food Service Department did not maintain the subsidiary ledger that tracks catering revenues, cash receipts and receivables throughout the year on a timely basis.

Additionally, there were instances where support could not be provided for daily sale receipts or the support did not tie to the documentation provided. Part of this is the result of the humanitarian meals, which is allowable under the policies established by the District, where students receive a meal without payment for that meal. A lunch sale is recorded in the system to show that a meal was served, however the daily reports that support the deposit does not in all instances provide a clear audit trail of the amount of cash collected.

Recommendation:

We suggest that the District review and reconcile the food service catering invoices, cash receipts and receivables on a monthly basis to ensure accuracy of the general ledger is maintained throughout the school year. Additionally the District should put stronger internal controls in place regarding collection and documentation of food service daily sales.

Finding:

The District did not maintain the detailed revenue and expenditure information necessary in order to execute the USDA Mandated Non-Program Food Revenue Tool for the 2016 fiscal year. This has been corrected by the District personnel for fiscal year 2016-2017, therefore no further recommendation is warranted.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Student Body Activities

During our review of the student activity funds, the following item was noted:

Finding 2016-11:

During our testing of cash receipts, we noted that two schools were not utilizing pre-numbered duplicate cash receipt slips (PS 7 and PS 34).

Also, during our testing of cash disbursements, we noted eleven instances that sales tax was paid on purchases made. This included two from McNair Academic High School, three from Lincoln High School, one from PS 22, and five from PS 28.

Recommendation:

We suggest that the District implement pre-numbered cash receipt books at all locations. We also suggest the District implement procedures to ensure sales tax is not being paid when purchases are being made, as purchases by a governmental unit are exempt from sales tax.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District work papers with exceptions as presented in the Schedule of Audited Enrollments. The information that was included on the work papers was verified as presented in the Schedule of Audited Enrollments, with the exceptions listed below. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2016-012:

During our review of the District's A.S.S.A., the following was identified:

- During our testing of the Bilingual students reported on the ASSA with the District internal work papers, the following was noted:
 - The total number of students reported on the ASSA as Bilingual included fourteen students who had left the program in previous years but were not properly removed from the system. Further, there were some differences noted between the amounts reported on the ASSA and the District's work papers.
 - There was one student who was required to take the ACCESS exam for determination of her eligibility for the program, however, she did not take the exam and should not have been eligible for the program.
- During our verification of the amounts reported on the ASSA as low income with District internal work papers, the following was noted:
 - Two students were reported as reduced on the ASSA, and were receiving reduced lunch, however, they were approved for free lunch.
 - Three students' household incomes exceeded the reduced lunch threshold and should not have been classified as receiving reduced lunch.
 - The District was unable to provide a copy of the lunch application for four students selected for free lunch.
 - Two students' household incomes exceeded the free lunch threshold and should not have been classified on the ASSA as receiving free or reduced lunch.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

During our review of the District's DRTRS, the following was identified:

- One student was reported as a Regular Education student who left the District, however was not removed from the DRTRS report timely.
- One student was reported as a Regular Special Education student who left the District, however, was not removed from the DRTRS report timely.
- One student who was reported as Transported – Non-Public did not have a signed charter school application at the time of the submission.
- Three students reported as Special Education with Special Needs were attending out of District schools and should not have been included on the DRTRS.

Recommendation:

We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA and DRTRS reports are properly supported and reported.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status as reported in the 2015-16 District Report of Transported Resident Students ("DRTRS"). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with certain immaterial differences as noted in the previous section. The results of our procedures are presented in the Schedule of Audited Enrollments with exceptions noted in the ASSA section.

Our audit procedures also included a review of transportation related contracts and purchases. Based on their review, the District complied with proper bidding procedures and award of contracts. Based on our review, the bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in the review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the New Jersey Schools Development Authority ("NJSDA") grant agreements for consistency with recording NJSDA revenue and awarding of contracts for eligible facilities construction. No exceptions were noted.

Other Suggestions to Management

Workers Compensation Settlement Records

The District has had several Orders Approving Settlements for lifetime medical coverage from workers' compensation claims over the years, however, due to record retention laws, the District has purged these files, as they are no longer considered active. We recommend that the District maintain copies of all lifetime settlements to support payments being made by the District's Third Party Administrator on its behalf.

**Jersey City Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Escheat Property

The District has previously identified and voided old outstanding checks and currently has recorded these amounts as other liabilities in the District's general ledger. The District should further investigate these amounts to ensure that they are appropriately classified as unclaimed property, and if so, remitted to the State of New Jersey.

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 has been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations. These comments that have been repeated are not considered material and are not considered to be of a substantive nature.

- Findings repeated relate to the ASSA and DRTRS submissions
- The District did not follow internal policies and procedures with respect to the removal of terminated employees from the monthly health benefit billings. During our testing of the health benefits invoices, we noted the District incurred costs for former employees that were no longer eligible for District health coverage.

Acknowledgment

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

SCHEDULE OF MEAL COUNT ACTIVITY

JERSEY CITY PUBLIC SCHOOLS

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular Rate)	Paid	235,659	235,659	235,659	-	\$ 0.31	
National School Lunch (Regular Rate)	Reduced	99,361	99,361	99,361	-	2.69	
National School Lunch (Regular Rate)	Free	2,143,445	2,143,445	2,143,445	-	3.09	
	TOTAL	<u>2,478,465</u>	<u>2,478,465</u>	<u>2,478,465</u>			<u>-</u>
National School Lunch (Severe Needs)	Seamless Summer Option	<u>79,566</u>	<u>79,566</u>	<u>79,566</u>	-	3.09	<u>-</u>
School Breakfast (Regular Rate)	Paid	332	332	332	-	0.29	-
	Reduced	280	280	280	-	1.36	-
	Free	4,552	4,552	4,552	-	1.66	-
	TOTAL	<u>5,164</u>	<u>5,164</u>	<u>5,164</u>			<u>-</u>
School Breakfast (Severe Needs)	Paid	604,675	604,675	604,675	-	0.29	
	Reduced	163,083	163,083	163,083	-	1.69	
	Free	2,335,170	2,335,170	2,335,170	-	1.99	
	TOTAL	<u>3,102,928</u>	<u>3,102,928</u>	<u>3,102,928</u>			<u>-</u>
School Breakfast (Severe Needs)	Seamless Summer Option	<u>62,241</u>	<u>62,241</u>	<u>62,241</u>	-	1.99	<u>-</u>
After School Snacks	Free (Area Eligible)	<u>372,289</u>	<u>372,289</u>	<u>372,289</u>	-	0.84	<u>-</u>
Total Net (Over) Under Claim							<u><u>-</u></u>

SCHEDULE OF MEAL COUNT ACTIVITY

JERSEY CITY PUBLIC SCHOOLS

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	235,659	235,659	235,659	-	0.040	-
State Reimbursement - National School Lunch (Regular Rate)	Reduced	99,361	99,361	99,361	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	2,143,445	2,143,445	2,143,445	-	0.055	-
	TOTAL	2,478,465	2,478,465	2,478,465	-		-
Total Net (Over) Under Claim							-

JERSEY CITY PUBLIC SCHOOLS

NET CASH RESOURCE SCHEDULE

Proprietary Funds - Food Service
FYE 2016

		Food Service B - 4/5	
Net Cash Resources:			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ -
B-4		Due from Other Gov'ts	2,616,820
B-4		Accounts Receivable	17,726
B-4		Due from Other Funds	-
B-4		Investments	-
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(517,111)
B-4		Less Interfund Payable	(1,076,633)
B-4		Less Accrued Salaries & Wages	(1,228)
B-4		Less: Compensated Absences	(197,269)
		Net Cash Resources	<u><u>\$ 842,305</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	14,484,279	
B-5	Less Depreciation	(102,723)	
	Adj. Tot. Oper. Exp.	<u><u>\$ 14,381,556</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>\$ 1,438,156</u></u>	(C)
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Three times monthly Average:

3 X C	<u><u>\$ 4,314,467</u></u>	(D)
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TOTAL IN BOX A	<u>\$ 842,305</u>
LESS TOTAL IN BOX D	<u>\$ 4,314,467</u>
NET	<u><u>\$ (3,472,162)</u></u>

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

JERSEY CITY PUBLIC SCHOOLS
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2015

	2016-17 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool - 3 yrs	382	-	382	-	-	-	45	-	45	-	-	-				
Full Day Preschool - 4yrs	1,885	-	1,885	-	-	-	110	-	110	-	-	-				
Full Day Kindergarten	2,122	-	2,122	-	-	-	111	-	111	-	-	-				
One	2,111	-	2,111	-	-	-	88	-	88	-	-	-				
Two	1,993	-	1,993	-	-	-	152	-	152	-	-	-				
Three	1,986	-	1,986	-	-	-	80	-	80	-	-	-				
Four	1,823	-	1,823	-	-	-	69	-	69	-	-	-				
Five	1,607	-	1,607	-	-	-	105	-	105	-	-	-				
Six	1,605	-	1,605	-	-	-	128	-	128	-	-	-				
Seven	1,585	-	1,585	-	-	-	80	-	80	-	-	-				
Eight	1,550	-	1,550	-	-	-	53	-	53	-	-	-				
Nine	1,409	-	1,409	-	-	-	36	-	36	-	-	-				
Ten	1,313	-	1,313	-	-	-	299	-	299	-	-	-				
Eleven	1,180	-	1,180	-	-	-	97	-	97	-	-	-				
Twelve	1,208	-	1,208	-	-	-	164	-	164	-	-	-				
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-				
Adult H.S. (15+CR.)	442	-	442	-	-	-	-	-	-	-	-	-				
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-				
Subtotal	24,201	-	24,201	-	-	-	1,617	-	1,617	-	-	-	-	-	-	-
Special Ed - Elementary	1,770	-	1,770	-	-	-	46	-	46	-	-	-	17	9	9	-
Special Ed - Middle School	768	-	768	-	-	-	40	-	40	-	-	-	29	23	23	-
Special Ed - High School	1,098	-	1,098	-	-	-	209	-	209	-	-	-	83	56	56	-
Subtotal	3,636	-	3,636	-	-	-	295	-	295	-	-	-	129	88	88	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	27,837	-	27,837	-	-	-	1,912	-	1,912	-	-	-	129	88	88	-
Percentage Error							0.00%	0.00%					0.00%	0.00%		0.00%

JERSEY CITY PUBLIC SCHOOLS
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool - 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	1,496	1,496	-	27	25	2	283	247	36	30	30	-
One	1,631	1,631	-	33	33	-	245	214	31	20	20	-
Two	1,585	1,585	-	31	28	3	221	209	12	14	13	1
Three	1,595	1,595	-	23	21	2	225	212	13	16	16	-
Four	1,482	1,482	-	23	23	-	120	115	5	21	21	-
Five	1,311	1,311	-	18	18	-	100	97	3	11	9	2
Six	1,292	1,292	-	15	15	-	90	89	1	20	19	1
Seven	1,250	1,250	-	16	15	1	100	92	8	14	13	1
Eight	1,241	1,241	-	18	18	-	108	106	2	12	11	1
Nine	1,091	1,091	-	10	10	-	130	127	3	7	7	-
Ten	1,009	1,009	-	18	18	-	143	141	2	13	13	-
Eleven	868	868	-	14	13	1	124	121	3	12	7	5
Twelve	898	898	-	13	13	-	105	105	-	12	12	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	16,749	16,749	-	259	250	9	1,994	1,875	119	202	191	11
Special Ed - Elementary	1,498	1,498	-	46	44	2	102	90	12	15	14	1
Special Ed - Middle	693	812	(119)	10	10	0	22	21	1	3	3	-
Special Ed - High	909	790	119	7	7	0	24	25	(1)	8	5	3
Subtotal	3,100	3,100	-	63	61	2	148	136	12	26	22	4
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	19,849	19,849	-	322	311	11	2,142	2,011	131	228	213	15
Percentage Error			0.00%			3.42%			6.12%			6.58%

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools	2,329	2,329	0	88	87	1	3.0	3.0
Reg -SpEd	681	681	0	60	59	1	3.0	3.0
Transported - Non-Public	783	783	0	125	124	1	4.0	4.0
Special Ed Spec	668	668	0	30	27	3		
Totals	4,461	4,461	-	303	297	6		
Percentage Error			0.00%			1.98%		

Reg Avg. (Mileage) = Regular Including Grade PK students
Reg Avg. (Mileage) = Regular Excluding Grade PK students
Spec Avg. = Special Ed with Special Needs

JERSEY CITY PUBLIC SCHOOLS
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool - 3 yrs	-	-	-	-	-	
Full Day Preschool - 4yrs	-	-	-	-	-	
Full Day Kindergarten	127	112	15	10	10	0
One	95	82	13	11	11	0
Two	68	67	1	3	3	0
Three	49	48	1	5	5	0
Four	27	27	-	2	2	0
Five	24	23	1	3	3	0
Six	28	28	-	6	6	0
Seven	18	18	-	-	-	0
Eight	28	28	-	6	6	0
Nine	37	36	1	3	3	0
Ten	41	41	-	6	6	0
Eleven	40	40	-	4	4	0
Twelve	33	33	-	4	4	0
Post-Graduate	-	-	-	-	-	
Adult H.S. (15+CR.)	-	-	-	-	-	
Adult H.S. (1-14 CR.)	-	-	-	-	-	
Subtotal	<u>615</u>	<u>583</u>	<u>32</u>	<u>63</u>	<u>63</u>	<u>0</u>
Special Ed - Elementary	19	16	3	2	2	-
Special Ed - Middle	1	1	-	-	-	-
Special Ed - High	5	4	1	2	1	1
Subtotal	<u>25</u>	<u>21</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>640</u>	<u>604</u>	<u>36</u>	<u>67</u>	<u>66</u>	<u>1</u>
Percentage Error			<u>5.63%</u>			<u>1.49%</u>

JERSEY CITY PUBLIC SCHOOLS
EXCESS SURPLUS CALCULATION

June 30, 2016

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures Reported on Exhibit C-1	\$ 611,826,007 (A)
Increased by Applicable Operating Transfers	
Transfer from Capital Outlay to Capital Projects	\$ _____ - (A1a)
Transfer from Capital Reserve to Capital Projects	\$ _____ - (A1a)
Transfer from G/F to SRF for Preschool - Regular	\$ 2,148,501 (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	\$ _____ - (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ 4,682,894 (A1b)
2015-16 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]	\$ 609,291,614 (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 61,246,442 (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$ _____ - (A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	\$ _____ - (A5)
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	98.41% (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	\$ _____ - (A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	\$ _____ - (A8)
2015-16 General Fund Expenditures [(A2)-(A3)-(A8)]	\$ 548,045,172 (A9)
2% of Adjusted 2015-16 General Fund Expenditures [(A9) times .02]	\$ 10,960,903 (A10)
Enter Greater of (A10) or \$250,000	\$ 10,960,903 (A11)
Increased by: Allowable Adjustment*	\$ 1,447,602 (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	\$ 12,408,505 (M)

JERSEY CITY PUBLIC SCHOOLS

EXCESS SURPLUS CALCULATION

June 30, 2016

SECTION 2

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 78,966,847 (C)
Decreased by:	
Year-end Encumbrances	\$ 10,727,918 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 28,663,557 (C3)
Other Restricted/Reserved Fund Balances****	\$ 608 (C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ 3,728,586 (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 <u>\$ 35,846,178 (U)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ 23,437,673 (E)
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 28,663,557 (C3)
Restricted Excess Surplus *** [(E)]	\$ 23,437,673 (E)
 Total [(C3)+(E)]	 <u>\$ 52,101,230 (D)</u>

Footnotes:

- * This adjustment line (line (K) as detailed below) is to be utilized for Impact Aid, Sale, Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, and recognized current year School Bus Advertising Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2015-16 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 1,311,360 (J1)
Additional Nonpublic School Transportation Aid	\$ 136,242 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	 <u>\$ 1,447,602 (K)</u>

JERSEY CITY PUBLIC SCHOOLS
EXCESS SURPLUS CALCULATION

June 30, 2016

** This amount represents the June 30, 2015 Excess Surplus (C3 above) and should be included on the 2015-16 the Audit Summary Worksheet Line 90031.

*** This amount represents the June 30, 2016 Excess Surplus and must agree to the June 30, 2016 CAFR and be reported in the 2015-16 Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant to the Commissioner for Finance prior to September 30.

- (N-1) Capital reserve at June 30, 2016.
- (N-2) Maintenance reserve minimum required under EFCFA.
- (N-3) Tuition reserve at June 30, 2016.
- (N-4) Emergency reserve at June 30, 2016.
- (N-5) School bus fuel offset reserve - current year - June 30, 2016
- (N-6) School bus fuel offset reserve - prior year - June 30, 2016
- (N-7) Impact Aid general fund reserve at June 30, 2016
- (N-8) Impact Aid capital fund reserve at June 30, 2016

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve (N-1)	\$ 608
Maintenance reserve (N-2)	\$ -
Tuition reserve (N-3)	\$ -
Emergency reserve (N-4)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	\$ -
[Other Restricted/Reserved Fund Balance not noted above]****	\$ -
Total Other Restricted/Reserved Fund Balance	\$ 608 (C4)