

**JERSEY CITY PUBLIC SCHOOLS**

**AUDITOR'S MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**



**DONOHUE, GIRONDA,  
DORIA & TOMKINS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

# JERSEY CITY PUBLIC SCHOOLS

## AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-Mail: [dgd@dgdcpas.com](mailto:dgd@dgdcpas.com)

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA  
Mauricio Canto, CPA, RMA

## **REPORT OF INDEPENDENT AUDITOR'S**

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

We have audited, in accordance with generally accepted audit 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, 2018 and have issued our report thereon dated February 8, 2019.

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.



MAURICIO CANTO  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2541

*Donohue, Gironda, Doria & Tomkins LLC*  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

Bayonne, New Jersey  
February 8, 2019

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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 Exhibit J-20, Insurance Schedule, contained in the District’s CAFR.

**Official Bonds at June 30 2018 (N.J.S.A. 18A:17-26, 18A:17:32)**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Dr. Marcia Lyles	Superintendent	\$2,000,000
Regina Robinson	Business Administrator/Board Secretary	\$2,000,000
Peter O’Reilly	Treasurer of School Monies	\$2,000,000
Sylvia Ullrich	Assistant Treasurer of School Monies	\$2,000,000

The District did have a Public Employee’s Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$250,000.

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Account**

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 payroll taxes 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.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Payroll Account (Continued)**

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 matter was noted regarding employee benefits of former employees:

**Finding 2018-001:**

Several instances were noted where former employees were receiving health benefits subsequent to employment termination.

**Recommendation:**

The District strengthen internal control processes to terminate former employee health benefits timely and consider performing periodic reconciliations of individuals receiving health benefits to active employee listings.

**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. No discrepancies were noted.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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 to randomly selecting a test sample, our sample selection specifically targeted administrative coding classification to determine overall reliability and compliance with N.J.A.C. 6A:23-8.2. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Board Secretary's Records/School Business Administrator**

The financial records, books of account and minutes maintained by the Board Secretary/School Business Administrator were in good condition.

The prescribed contractual order system was followed. Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

**Treasurer's Records**

The Treasurer did perform cash reconciliations and made monthly reports to the Board in the manner and form prescribed in accordance with N.J.S.A. 18A:17-36.

The Treasurer's records were in agreement with the Board Secretary's records. Receipts and disbursements were properly identified and allocated to their appropriate accounts.

**Elementary and Secondary Education Act (E.S.E.A.) as amended by the 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.

**Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Schedule A and Schedule B 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.

**T.P.A.F. Reimbursement**

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 for all federal awards for the District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the 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.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with *NJS.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 *NJS.A. 18A:39-3* is currently \$19,000 for 2017-18.

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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, or requests for proposals, 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*.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCHOOL FOOD SERVICE**

The Jersey City Public Schools utilizes the Community Eligibility Option at individual schools that meet eligibility requirements. The criteria to determine if a school qualified for this program is if equal to or greater than forty percent (40%) of the students in a particular school within the district are eligible for free or reduced price meals, then the entire student population of the school receives free meals. The State Aid reimbursement for the participating schools is calculated by utilizing the actual number of meals served multiplied by the percentage of students in each category to determine the number of eligible meals served by category.

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

Cash receipts and bank records were reviewed for timely deposit. However, the following matters were noted:

**Finding 2018-002:**

Differences between individual school food service cash receipts deposited and sales reports (generated from point of sale system) were not reviewed timely nor monitored for irregularities.

**Recommendation:**

Differences between individual school food service cash receipts deposited and sales reports (generated from point of sale system) be reviewed timely and monitored for irregularities.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supplies were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

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. The District utilized the Community Eligibility Option for schools that met the eligibility criteria. Under this option all students were eligible for free breakfast and lunch. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.



**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCHOOL FOOD SERVICE (Continued)**

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meals and free milk policy is uniformly administered throughout the school system. Sites approved to participate in Provisions complied 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.

U.S.D.A. Food Distribution program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

**Casper Program Enterprise Fund**

The financial transactions of the after school program were maintained in good condition.

**Unemployment Compensation Insurance Trust Fund**

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Trust Fund.

**STUDENT BODY ACTIVITIES**

The Board has a policy, which clearly established the regulation of student activity funds.

Overall, cash receipts and disbursements records for the schools were maintained in satisfactory condition.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a test of information reported in the October 13, 2017, Application for State School Aid (ASSA) 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 ASSA was compared to the District workpapers with no exceptions noted. The information that was included on the workpapers was verified with no exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The District has adequate written procedures for the recording of student enrollment data.

**PUPIL TRANSPORTATION**

Our audit procedures included a test of on roll status reported in the 2017-18 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 procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**FACILITIES AND CAPITAL ASSETS**

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. The following exception was noted:

**Finding 2018-003:**

The District's fixed assets appraisal for the year ended June 30, 2018 did not reconcile to beginning balances previously reported by the District at June 30, 2017, resulting in substantial adjustments in government-wide financial statements.

**Recommendation:**

The District fixed assets ledger be maintained and utilized in fixed assets appraisals and beginning balances reconciled to annual reports to ensure continuity of such ledger.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES**

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

**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.

**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 had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as follows:

**Finding 2018-002**

- Differences between individual school food service cash receipts deposited and sales reports (generated from point of sale system) be reviewed timely and monitored for irregularities.

We have also reviewed any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). Corrective action had been taken on all findings in the reports dated September 28, 2017.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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.



MAURICIO CANTO  
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Licensed Public School Accountant  
No. 2541



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Bayonne, New Jersey  
February 8, 2019

CITY OF JERSEY CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

**SCHEDULE OF AUDITED ENROLLMENTS**

	2018-2019 Application for State School Aid						Sample of 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 Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool	2,342	-	2,342	-	-	-	59	-	59	-	-	-	-	-	-	
Full Day Kindergarten	2,132	-	2,132	-	-	-	42	-	42	-	-	-	-	-	-	
One	2,023	-	2,023	-	-	-	37	-	37	-	-	-	-	-	-	
Two	1,835	-	1,835	-	-	-	33	-	33	-	-	-	-	-	-	
Three	1,790	-	1,790	-	-	-	81	-	81	-	-	-	-	-	-	
Four	1,830	-	1,830	-	-	-	66	-	66	-	-	-	-	-	-	
Five	1,782	-	1,782	-	-	-	47	-	47	-	-	-	-	-	-	
Six	1,657	-	1,657	-	-	-	32	-	32	-	-	-	-	-	-	
Seven	1,466	-	1,466	-	-	-	46	-	46	-	-	-	-	-	-	
Eight	1,565	-	1,565	-	-	-	47	-	47	-	-	-	-	-	-	
Nine	1,373	-	1,373	-	-	-	92	-	92	-	-	-	-	-	-	
Ten	1,244	-	1,244	-	-	-	48	-	48	-	-	-	-	-	-	
Eleven	1,171	-	1,171	-	-	-	35	-	35	-	-	-	-	-	-	
Twelve	1,195	-	1,195	-	-	-	108	-	108	-	-	-	-	-	-	
Adult HS (15+ Credits)	145	-	145	-	-	-	145	-	145	-	-	-	-	-	-	
Subtotal	23,550	-	23,550	-	-	-	918	-	918	-	-	-	-	-	-	
Special Education-Elementary	1,871	-	1,871	-	-	-	145	-	145	-	-	-	20	14	-	
Special Education-Middle	874	-	874	-	-	-	79	-	79	-	-	-	28	19	-	
Special Education-Highschool	894	-	894	-	-	-	81	-	81	-	-	-	90	61	-	
Subtotal	3,639	-	3,639	-	-	-	305	-	305	-	-	-	138	94	-	
TOTALS	27,189	-	27,189	-	-	-	1,223	-	1,223	-	-	-	138	94	-	
					0.00%											0.00%

CITY OF JERSEY CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

**SCHEDULE OF AUDITED ENROLLMENTS**

	Reported on A.S.S.A. as Low Income		Resident Low Income		Sample for Verification		Reported on A.S.S.A. as LEP low Income		Resident LEP Low Income		Sample for Verification				
	Income	Errors	Workpapers	Income	Workpapers	Verified to Application and Register	Sample Selected from Workpapers	Income	Errors	Workpapers	Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One	1,740.0	-	1,740.0	-	35	35	279	279	279	28	28	28	28	28	-
Two	1,792.0	-	1,792.0	-	41	41	305	305	305	38	38	38	38	38	-
Three	1,669.0	-	1,669.0	-	47	47	295	295	295	41	41	41	41	41	-
Four	1,648.0	-	1,648.0	-	32	32	175	175	175	26	26	26	26	26	-
Five	1,639.0	-	1,639.0	-	27	27	188	188	188	18	18	18	18	18	-
Six	1,623.0	-	1,623.0	-	27	27	136	136	136	15	15	15	15	15	-
Seven	1,507.0	-	1,507.0	-	28	28	119	119	119	16	16	16	16	16	-
Eight	1,386.0	-	1,386.0	-	16	16	115	115	115	9	9	9	9	9	-
Nine	1,382.0	-	1,382.0	-	22	22	128	128	128	11	11	11	11	11	-
Ten	1,186.0	-	1,186.0	-	27	27	139	139	139	21	21	21	21	21	-
Eleven	1,044.0	-	1,044.0	-	18	18	148	148	148	11	11	11	11	11	-
Twelve	904.0	-	904.0	-	16	16	98	98	98	12	12	12	12	12	-
Subtotal	18,401.0	-	18,401.0	-	353	353	2,216	2,216	2,216	260	260	260	260	260	-
Special Education-Elementary	1,735.0	-	1,735.0	-	18	18	124	124	124	17	17	17	17	17	-
Special Education-Middle	865.0	-	865.0	-	5	5	25	25	25	4	4	4	4	4	-
Special Education-Highschool	935.0	-	935.0	-	4	4	20	20	20	4	4	4	4	4	-
Subtotal	3,535.0	-	3,535.0	-	27	27	169	169	169	25	25	25	25	25	-
TOTALS	21,936.0	0.00%	21,936.0	0.00%	380	380	2,385	2,385	2,385	285	285	285	285	285	0.00%

	Reported on DTRS by DOE/County		Transportation		Reported on DTRS by District		Errors	
	Income	Errors	Tested	Verified	Income	Errors	Income	Errors
Reg. - Public Schools, col. 1	2,003.0	-	148.0	148.0	2,003.0	-	2,003.0	-
Reg-Sp/Ed, col. 4	598.0	-	44.0	44.0	598.0	-	598.0	-
Transported - Non-Public, col. 3	595.0	-	44.0	44.0	595.0	-	595.0	-
Special Ed Spec, col. 6	908.0	-	67.0	67.0	908.0	-	908.0	-
TOTALS	4,104.0	0.00%	303.0	303.0	4,104.0	0.00%	4,104.0	0.00%

Reg Avg (Mileage) = Regular including Grade PK Students (Part A)  
Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)  
Special Avg = Special Ed w/ Special Needs

Reported	Recalculated
3.0	3.0
3.0	3.0
3.2	3.2

**CITY OF JERSEY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017**

**SCHEDULE OF AUDITED ENROLLMENTS**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	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
Half Day Preschool						
Full Day Kindergarten	157	157	-	40	40	-
One	114	114	-	36	36	-
Two	93	93	-	29	29	-
Three	68	68	-	23	23	-
Four	73	73	-	21	21	-
Five	41	41	-	18	18	-
Six	41	41	-	9	9	-
Seven	34	34	-	11	11	-
Eight	31	31	-	8	8	-
Nine	38	38	-	7	7	-
Ten	64	64	-	7	7	-
Eleven	55	55	-	7	7	-
Twelfth	33	33	-	5	5	-
Subtotal	<u>842</u>	<u>842</u>	<u>-</u>	<u>221</u>	<u>221</u>	<u>-</u>
Special Education-Elementary	28	28	-	27	27	-
Special Education-Middle	4	4	-	4	4	-
Special Education-Highschool	2	2	-	2	2	-
Subtotal	<u>34</u>	<u>34</u>	<u>-</u>	<u>33</u>	<u>33</u>	<u>-</u>
TOTALS	<u>876</u>	<u>876</u>	<u>-</u>	<u>254</u>	<u>254</u>	<u>-</u>
			0.00%			0.00%

**JERSEY CITY PUBLIC SCHOOLS  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SECTION 1**

Calculation A: 2 Percent Excess Surplus

All districts required to use school-based budgeting are required to complete this calculation using 2 percent on line A10.

2017-2018 Total General Fund Expenditures per the CAFR, Exhibit C-1	<u>\$ 633,374,395</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	<u>-</u> (A1a)
Transfer from Reserve to Capital Projects	<u>-</u> (A1a)
Transfer from G/F to SRF for Preschool - Regular	<u>-</u> (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	<u>1,050,020</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(6,691,178)</u> (A1b)
2017-18 Adjusted General Fund & Other State Expenditures [(A) + (A1a) - (A1b)]	<u>\$ 627,733,237</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ 77,904,096</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ -</u> (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	<u>-</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>97.75%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) x (A6)]	<u>-</u> (A7)
Total Assets Acquired Under Capital Leases [(A4) + (A7)]	<u>-</u> (A8)
2017-18 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 549,829,141</u> (A9)
2% of Adjusted 2017-2018 General Fund Expenditures [(A9) x 2%]	<u>\$ 10,996,583</u> (A10)
Enter Greater of (A10) or \$250,000	<u>10,996,583</u> (A11)
Increased by: Allowable Adjustment*	<u>997,884</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 11,994,467</u> (M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2018	<u>\$ 53,946,530</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(20,951,780)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(222,157)</u> (C3)
Other Restricted Fund Balances****	<u>(608)</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>(12,936,783)</u> (C5)
Additional Assigned Fund Balance - Unreserved Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	<u>(3,001,864)</u> (C6)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5) - (C6)]	<u>\$ 16,833,338</u> (U)



**JERSEY CITY PUBLIC SCHOOLS  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\*[(U) - (M)] IF NEGATIVE ENTER -0- \$ 4,838,871 (E)

Summary:

Restricted Excess Surplus -- Designated for Subsequent Year's Expenditures\*\* \$ 222,157 (C3)  
 Restricted Excess Surplus\*\*\*[(E)] 4,838,871 (E)

Total [(C3) + (E)] \$ 5,061,028 (D)

\* This adjustment line (line (K) as detailed below) is to be utilized for Impact Aid, Sale and 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 2017-18 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	<u>825,334</u> (J1)
Additional Nonpublic School Transportation Aid	<u>172,550</u> (J2)
Current Year School Bus Advertising Revenue Recognized	- (J3)
Family Crisis Transportation Aid	<u>-</u> (J4)
 Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	 <u>\$ 997,884</u> (K)

\*\* This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree with the June 30, 2017 CAFR and 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 that Assistant to the Commissioner for Finance – Field Services prior to September 30.

- (N-1) Capital reserve at June 30, 2018
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2018
- (N-4) Emergency reserve at June 30, 2018
- (N-5) School bus fuel offset reserve - current year - June 30, 2018
- (N-6) School bus fuel offset reserve - prior year year - June 30, 2018
- (N-7) Impact Aid general fund reserve at June 30, 2018
- (N-8) Impact Aid capital fund reserve at June 30, 2018

**Detail of Other Restricted Fund Balance**

**Statutory restrictions:**

Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve (N-1)	<u>608</u>
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 Fund Balance not noted above]****	 -
 Total Other Restricted Fund Balance	 <u>\$ 608</u> (C4)

**JERSEY CITY PUBLIC SCHOOLS  
AUDIT RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

**2018-001**

The District strengthen internal control processes to terminate former employee health benefits timely and consider performing periodic reconciliations of individuals receiving health benefits to active employee listings.

3. School Purchasing Programs

None

4. School Food Services

**2018-002**

Differences between individual school food service cash receipts deposited and sales reports (generated from point of sale system) be reviewed timely and monitored for irregularities.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

**2018-003**

The District fixed assets ledger be maintained and utilized in fixed assets appraisals and beginning balances reconciled to annual reports to ensure continuity of such ledger.

9. Testing for Lead and All Drinking Water in Educational Facilities

None

**JERSEY CITY PUBLIC SCHOOLS  
AUDIT RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

10. Status of Prior Year Audit Findings/Recommendations

Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as follows:

**2018-002**

- Differences between individual school food service cash receipts deposited and sales reports (generated from point of sale system) be reviewed timely and monitored for irregularities.