

**JERSEY CITY PUBLIC SCHOOLS**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**JERSEY CITY PUBLIC SCHOOLS  
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
 FINANCIAL, COMPLIANCE AND PERFORMANCE  
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**REPORT OF INDEPENDENT AUDITOR'S**


The Honorable President and  
Members of the Board of Education  
Jersey City Public Schools  
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, 2022 and have issued our report thereon dated March 10, 2023.

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.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

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

Secaucus, New Jersey  
March 10, 2023

**JERSEY CITY PUBLIC SCHOOLS  
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**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 ACFR.

Official Bonds at June 30, 2022 (N.J.S.A. 18A:17-26, 18A:17:32)

Name	Position	Amount
Dr. Norma Fernandez	Superintendent of Schools	\$2,000,000
Regina Robinson	Business Administrator/Board Secretary	\$2,000,000
John Metro	Treasurer of School Monies	\$2,000,000
Rozani Pelc-Penteado	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.

**Finding 2022-001**

There were instances where surety bond coverage required for certain positions was not in place or below required minimum.

**Recommendation**

The District implement procedures to ensure compliance with surety bond coverage requirements and minimums.

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. The data submitted did include all health benefit plans offered by District.

The District data certification was completed by the school business administrator. The District Chapter 44 data was submitted timely.

**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.

**Finding 2022-002**

During expenditure testing, we noted 2 of 120 items tested where the invoice or supporting documentation did not agree to the amount paid to the vendor for a trivial difference.

**Recommendation**

The District should make sure that the amount paid to each vendor agrees to the invoice submitted by the vendor.

**JERSEY CITY PUBLIC SCHOOLS  
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**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Examination of Claims (Continued)**

**Finding 2022-003**

During expenditure testing, we noted 46 of 120 items where checks were not presented on a bills list resolution for Board approval.

**Recommendation**

All checks paid by the District must be presented to the Board for formal of approval.

**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 payroll taxes were deposited in the Salary Escrow Account (payroll agency account).

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

**Finding 2022-004 (ACFR Finding 2022-002)**

There were instances where the District did not make required payroll and excise tax payments timely, whereby incurring penalties and causing revocation of existing compromise agreement with the Internal Revenue Service.

**Recommendation**

The District implement a more comprehensive process with monitoring to ascertain payroll and excise tax payments are made timely to not incur penalties nor cause revocation of any compromise agreements with the Internal Revenue Service.

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

**Finding 2022-005**

During payroll testing, 26 of 40 employees' personnel files were unavailable for review.

**Recommendation**

The District should maintain all personnel files in a manner that is readily available for review.

**Finding 2022-006**

It appears overtime costs were approved after being incurred without pre-approval or documentation on whether costs were necessary and reasonable. Furthermore, overtime approval documents are not being signed by authorized supervisors. As a compensating control supervisors enter overtime in payroll system, however electronic documentation is not readily available for audit and appears to be informal.

**Recommendation**

The business office should obtain overtime pre-approval and document whether necessary and reasonable prior to incurring. Furthermore, the business office should require overtime approval documents be formally signed by authorized supervisors prior to payment.

**Finding 2022-007**

There were instances noted where the District did not have documentation on terminations readily available for review.

**Recommendation**

The District maintain documentation on terminations readily available for review.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**Payroll Account and Position Control Roster (Continued)**

**Finding 2022-008**

The District did not obtain SOC Type 2 reports on internal financial reporting controls for third party administrator of tax sheltered payroll contributions.

**Recommendation**

The District must obtain SOC Type 2 reports on internal financial reporting controls for third party administrator of tax sheltered payroll contributions.

**Finding 2022-009 (ACFR Finding 2022-001)**

While the District is tracking compensated absences, it is not aggregating compensated absences and calculating value of liability at year end for reporting purposes, nor monitoring the accuracy and completeness of tracking. The liability projected for reporting purposes could be materiality misstated. This finding is repeated from prior year.

**Recommendation**

The District aggregate compensated absences and calculate value of liability at year end for reporting purposes and monitor the accuracy and completeness of compensated absences tracking.

**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 except for the following:

**Finding 2022-010**

When testing expenditures and outstanding encumbrances, there were instances where invoices or evidence of orders were not available in electronic purchasing system and had to be manually searched and found or considered temporarily missing.

**Recommendation**

The District should process and maintain supporting purchasing documentation in an organized and timely manner.

**Finding 2022-011 (ACFR Finding 2022-004)**

The District is not processing payments for utility costs incurred in a timely manner nor reporting complete balance outstanding due to insufficient budget appropriations designated for utility costs. During the independent financial statement audit approximately six months of utilities services were found to be in arrears and adjusted as expenditures and liabilities, whereby causing over-expenditures of budget appropriations.

**Recommendation**

The District process payments for costs incurred for utilities in a timely manner and avoid over-expenditures of budget appropriations by adequately funding budget appropriations designated for utility costs.

**Travel**

**Finding 2022-012**

When reviewing employee travel reimbursements, we noted several instances where pre-approval could not be determined.

**Recommendation**

Travel costs be pre-approved in accordance with District policy and documentation maintained for review.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**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.

**A. General Classification Findings** - No exceptions were noted

**B. Administrative Classification Findings** – No exceptions were noted

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

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed the following exceptions.

**Finding 2022-013 (ACFR Finding 2022-003)**

Monitoring or closing procedures are not being performed to review bank reconciliations and agree balances to general ledger on a regular nor timely basis. Adjustments were recorded without adequate support, whereby expenditures may be misclassified, and rights or obligations may not be accurately reported. This finding is repeated from prior year.

**Recommendation**

Monitoring and performing closing procedures be performed to review bank reconciliations and agree balances to general ledger on a regular and timely basis.

**Finding 2022-014 (ACFR Finding 2022-005)**

Monitoring or closing procedures are not being performed to review accounting of grant expenditures and receivables for accuracy, completeness, and rights prior to submission of final reports to respective grantors. Adjustments are being reflected in subsequent grant reporting periods without separate accounting and convoluting audit trail.

**Recommendation**

Monitoring and closing procedures be performed to review accounting of grant expenditures and receivables for accuracy, completeness, and rights prior to submission of final report to respective grantors. Any adjustments reflected in subsequent grant reporting be separately accounted for to maintain adequate audit trail.

**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 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.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**Finding 2022-015 (ACFR Finding 2022-006)**

Elementary and Secondary Education Act (E.S.E.A.) Title I, Part A Basic final expenditure reports are not accurately reflecting adjustments to expenditures at year end for appropriate allocations of schoolwide blended resources. The State of New Jersey Department of Education, as the pass-through grantor, requires districts operating eligible E.S.E.A. schoolwide programs to allocate expenditures and surplus proportionately to respective schoolwide blended resources to assure federal funds are not supplanting state and local funds. The appropriate calculations are prepared after the year end and any adjustments are required to be reflected in current or succeeding year final expenditure reports.

**Recommendation**

The District accurately reflect adjustments to expenditures at year end for appropriate allocations of schoolwide blended resources in final expenditure reports for Elementary and Secondary Education Act (E.S.E.A.) programs.

**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 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.

**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.

**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 *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 transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$20,200 for 2021-22.

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.



**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
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**SCHOOL PURCHASING PROGRAMS (Continued)**

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.

**Finding 2022-016**

There were several instances where the District business office submitted resolutions for board approval to go to bid without determining respective budget appropriations or availability of funds.

**Recommendation**

The District business office determine respective budget appropriations or availability of funds prior to submitting resolutions to go to bid for board approval.

**Finding 2022-017**

W-9 forms for vendors were not available for review for review of compliance with Internal Revenue Code (IRC).

**Recommendation**

W-9 forms for vendors should be obtained and readily available for review.

**Finding 2022-018**

The District was missing 2 of 25 business registration certificates for vendors reviewed that were paid in excess of 15% of bid threshold, and 6 of 25 were obtained after the District paid the vendors.

**Recommendation**

The District should obtain business registration certificates for all vendors paid in excess of 15% of bid threshold.

**SCHOOL FOOD SERVICE**

**Public Health Emergency**

In accordance with the Governor’s Declaration of Emergency pertaining to the public health emergency all public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, the District was required to institute alternate procedures to provide meals eligible students during the period of school closures. Governor Murphy’s emergency declaration ended June 4, 2021; however, the United States Department of Agriculture’s federal waiver continued through June 30, 2022. SFAs operated under this federal waiver.

As a result, the District was required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). The District could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

The District was authorized to solicit and award emergency noncompetitive procurements and contracts with its food service management company (FSMC) in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The District was also authorized to submit contract modifications to their existing cost reimbursable or fixed price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

The District was notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SCHOOL FOOD SERVICE**

The District 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 school food service program was not selected as a major federal or State program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the District had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the District's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

We inquired of management about the public health emergency procedures/practices that the District 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.

**C.A.S.P.E.R. 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. The following was noted:

**Finding 2022-019**

The District did not adequately review and process or dispute unemployment claims. As a result \$2,000,000 was adjusted as expenditure in general fund to reserve for unemployment claims during the independent audit of financial statements. This finding is repeated from prior year.

**Recommendation**

The District adequately review and process or dispute unemployment claims on a timely basis.

**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.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a test of information reported in the October 15, 2021, 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.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**APPLICATION FOR STATE SCHOOL AID (Continued)**

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 October 15, 2021 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. The following exception was noted:

**Finding 2022-020**

Information on special education students being transported is not adequately being provided on a live basis to the transportation department, nor is information being monitored for accuracy and completeness between the special education department and transportation department. Substantial adjustments to students reported are being made as a result of verification by independent auditors for students reported on District Report of Transported Resident Students (DRTRS). The District overstated 1 special education student in the October 15, 2021 DRTRS. This finding is repeated from prior year.

**Recommendation**

Information on special education students being transported be adequately provided on a live basis to the transportation department. Information be monitored for accuracy and completeness between the special education department and transportation department to ensure accuracy of students reported on District Report of Transported Resident Students (DRTRS).

**Finding 2022-021**

The District provided special education services to students over 21 years of age as required during the COVID-19 pandemic, however the District did not apply for reimbursement of substantial and allowable costs incurred available through the grant for additional or compensatory special education and related services for students with disabilities offered through the U.S. Department of Treasury, passed through the State of New Jersey Department of Education.

**Recommendation**

The District implement policies and procedures to apply timely for reimbursement of allowable costs incurred for special education services to students over 21 years of age available through the grant for additional or compensatory special education and related services for students with disabilities offered through the U.S. Department of Treasury, passed through the State of New Jersey Department of Education.

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 2022-022 (ACFR Finding 2022-007)**

The District is not maintaining fixed assets subsidiary ledger on a live basis nor performing periodic inventory to ensure safeguarding of assets and accuracy of ledger for financial reporting and insurance purposes.

**Recommendation**

The District maintain fixed assets subsidiary ledger on a live basis and perform periodic inventory to ensure safeguarding of assets and accuracy of ledger for financial reporting and insurance purposes.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SELF-INSURANCE**

The District is self-insured for workers' compensation claims and accounts for activity in an internal service fund, whereby the full balance of claims incurred but not reported as provided by the third-party provider are reserved. If the District accounts for self-insured workers' compensation claims in the general fund it would not be required to reserve the balance of claims incurred but not reported and would increase fund balance by such amount.

The District is also self-insured for employee health insurance benefit plan, but accounts for activity in general fund and only reports costs as reported by third-party provider on a pay as you go process. If the District were to account for self-insured employee health insurance benefit plan in an internal service fund, the balance of claims incurred but not reported would be reserved and would reduce fund balance by such amount.

The claims incurred but not reported for self-insured workers' compensation claims or employee health insurance benefit plans have not been calculated by an actuary and could vary substantially from actual results.

**Finding 2022-023 (ACFR Finding 2022-008)**

The District is not obtaining nor adequately estimating liability for claims incurred but not reported (run-off) for self-insurance of employee health benefit plan. Although the District accounts for the health insurance benefit plan in the general fund on a pay-as-you-go basis, the liability is required to be reported in the government-wide financial statements in accordance with generally accepted accounting principles.

**Recommendation**

The District obtain or adequately estimate liability for claims incurred but not reported (run-off) for self-insurance of employee health benefit plan.

**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.

**New Jersey Earned Sick Leave Law**

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

**JERSEY CITY PUBLIC SCHOOLS  
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**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 not been taken on prior year findings and the following are repeated in this year's recommendations noted as current year findings 2022-009, 2022-013, 2022-014, 2022-019, and 2022-020 as follows:

- The District aggregate compensated absences and calculate value of liability at year end for reporting purposes and monitor the accuracy and completeness of compensated absences tracking. (2022-009)
- Monitoring and performing closing procedures be performed to review bank reconciliations and agree balances to general ledger on a regular and timely basis. (2022-013)
- Monitoring and closing procedures be performed to review accounting of grant expenditures and receivables for accuracy, completeness, and rights prior to submission of final report to respective grantors. Any adjustments reflected in subsequent grant reporting be separately accounted for to maintain adequate audit trail. (2022-014)
- The District adequately review and process or dispute unemployment claims on a timely basis. (2022-019)
- Information on special education students being transported be adequately provided on a live basis to the transportation department. Information be monitored for accuracy and completeness between the special education department and transportation department to ensure accuracy of students reported on District Report of Transported Resident Students (DRTRS). (2022-020)

**ACKNOWLEDGMENT**

We received the complete cooperation of all the officials of the Jersey City Public Schools and we greatly appreciate the courtesies extended to the members of the audit team.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

  
MAURICIO CANTO  
Certified Public Accountant  
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No. 2541

Secaucus, New Jersey  
March 10, 2023

JERSEY CITY PUBLIC SCHOOLS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2021

SCHEDULE OF AUDITED ENROLLMENTS

	2022-2023 Application for State School Aid										Sample of Verification			Errors per Registers On Roll			Reported on A.S.S.A. as Private Schools			Private Schools for Disabled		
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Full		Shared		Full		Shared		Full		Shared	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool-3yr	370	-	370	-	-	-	370	-	370	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool-4yr	1,524	-	1,524	-	-	-	1,524	-	1,524	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	1,791	-	1,791	-	-	-	1,791	-	1,791	-	-	-	-	-	-	-	-	-	-	-	-	-
One	1,783	-	1,783	-	-	-	1,783	-	1,783	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	1,654	-	1,654	-	-	-	1,654	-	1,654	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	1,611	-	1,611	-	-	-	1,611	-	1,611	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	1,631	-	1,631	-	-	-	1,631	-	1,631	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	1,496	-	1,496	-	-	-	1,496	-	1,496	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	1,474	-	1,474	-	-	-	1,474	-	1,474	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	1,460	-	1,460	-	-	-	1,460	-	1,460	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	1,608	-	1,608	-	-	-	1,608	-	1,608	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	1,722	-	1,722	-	-	-	1,722	-	1,722	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	1,344	-	1,344	-	-	-	1,344	-	1,344	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	1,228	-	1,228	-	-	-	1,228	-	1,228	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	1,199	-	1,199	-	-	-	1,199	-	1,199	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+ Credits)	257	-	257	-	-	-	257	-	257	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	22,152	-	22,152	-	-	-	22,152	-	22,152	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Education-Elementary	1,537	-	1,537	-	-	-	1,537	-	1,537	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Education-Middle	796	-	796	-	-	-	796	-	796	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Education-Highschool	979	-	979	-	-	-	979	-	979	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	3,312	-	3,312	-	-	-	3,312	-	3,312	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc - Regular	25,464	-	25,464	-	-	-	25,464	-	25,464	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS	25,464	-	25,464	-	-	-	25,464	-	25,464	-	-	-	-	-	-	-	-	-	-	-	-	-
																						0.00%

JERSEY CITY PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021

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		Reported on Workpapers as LEP low Income		Sample for Verification	
	Low Income	Errors	Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool-3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool-4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	1,306	-	1,306	-	1	1	-	148	-	12	12	-
Two	1,346	-	1,346	-	2	2	-	160	-	20	20	-
Three	1,334	-	1,334	-	2	2	-	203	-	29	29	-
Four	1,348	-	1,348	-	2	2	-	206	-	25	25	-
Five	1,341	-	1,341	-	2	2	-	182	-	24	24	-
Six	1,251	-	1,251	-	1	1	-	154	-	22	22	-
Seven	1,194	-	1,194	-	3	3	-	128	-	15	15	-
Eight	1,200	-	1,200	-	3	3	-	98	-	16	16	-
Nine	1,234	-	1,234	-	2	2	-	101	-	18	18	-
Ten	1,223	-	1,223	-	-	-	-	139	-	11	11	-
Eleven	992	-	992	-	2	2	-	101	-	8	8	-
Twelve	844	-	844	-	2	2	-	95	-	9	9	-
Subtotal	15,375	-	15,375	-	23	23	-	1,814	-	217	217	-
Special Education-Elementary	1,188	-	1,188	-	9	9	-	142	-	43	43	-
Special Education-Middle	713	-	713	-	3	3	-	39	-	12	12	-
Special Education-Highschool	810	-	810	-	2	2	-	33	-	12	12	-
Subtotal	2,711	-	2,711	-	14	14	-	214	-	67	67	-
Co. Voc - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS	18,086	0.00%	18,086	0.00%	37	37	-	2,028	0.00%	284	284	0.00%

	Reported on DRTRS by DOE/County		Reported on DRTRS by District		Transportation		Reported on DRTRS by District		Reported on DRTRS by District		Recalculated	
	DOE/County	Errors	District	Errors	Tested	Verified	Tested	Verified	Errors	Errors	Errors	
Reg. - Public Schools, col. 1	1,238	-	1,238	-	241	241	241	241	-	2.7	2.7	
Reg - SpEd, col. 4	1,151	(1)	1,152	-	250	250	250	250	-	2.7	2.7	
Transported - Non-Public, col. 3	545	-	545	-	217	217	217	217	-	5.6	5.6	
Special Ed Spec, col. 6	370	-	370	-	30	30	30	30	-	-	-	
TOTALS	3,304	(1.0)	3,305	-0.03%	738	738	738	738	-	-	-	

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

JERSEY CITY PUBLIC SCHOOLS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2021

**SCHEDULE OF AUDITED ENROLLMENTS**

	Reported on		Resident LEP NOT Low Income		Reported on		Sample for Verification	
	A.S.S.A. as NOT Low Income	Workpapers as NOT Low Income	Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	
Half Day Preschool	97	97	-	-	14	14	-	
Full Day Kindergarten	115	115	-	-	19	19	-	
One	152	152	-	-	18	18	-	
Two	115	115	-	-	16	16	-	
Three	129	129	-	-	26	26	-	
Four	87	87	-	-	21	21	-	
Five	85	85	-	-	20	20	-	
Six	85	85	-	-	25	25	-	
Seven	75	75	-	-	10	10	-	
Eight	111	111	-	-	19	19	-	
Nine	60	60	-	-	19	19	-	
Ten	83	83	-	-	16	16	-	
Eleven	77	77	-	-	15	15	-	
Twelfth	1,271	1,271	-	-	238	238	-	
Subtotal								
Special Education-Elementary	62	62	-	-	24	24	-	
Special Education-Middle	9	9	-	-	4	4	-	
Special Education-Highschool	11	11	-	-	1	1	-	
Subtotal	82	82	-	-	29	29	-	
TOTALS	1,353	1,353	-	0.00%	267	267	0.00%	



**JERSEY CITY PUBLIC SCHOOLS  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 1

Calculation A: 4 Percent Excess Surplus

All districts required to use school-based budgeting are required to complete this calculation using 4 percent on line A10.

2021-2022 Total General Fund Expenditures per the ACFR, Exhibit C-1	<u>\$ 728,379,504</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>1,043,699</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(8,999,694)</u> (A1b)
2021-22 Adjusted General Fund & Other State Expenditures [(A) + (A1a) - (A1b)]	<u>\$ 720,423,509</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ 126,700,463</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>96.86%</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)
2021-22 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 593,723,046</u> (A9)
4% of Adjusted 2021-2022 General Fund Expenditures [(A9) x 4%]	<u>\$ 23,748,922</u> (A10)
Enter Greater of (A10) or \$250,000	<u>23,748,922</u> (A11)
Increased by: Allowable Adjustment*	<u>92,806,730</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 116,555,652</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2022	<u>\$ 280,988,888</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(22,980,635)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(18,250,988)</u> (C3)
Other Restricted Fund Balances****	<u>(608)</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>(59,496,255)</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 180,260,402</u> (U)

**JERSEY CITY PUBLIC SCHOOLS  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 3

Restricted Fund Balance - Excess Surplus\*\*\*[(U) - (M)] IF NEGATIVE ENTER -0- \$ 63,704,750 (E)

Summary:

Restricted Excess Surplus -- Designated for Subsequent Year's Expenditures**	<u>\$ 18,250,988</u> (C3)
Restricted Excess Surplus***[(E)]	<u>63,704,750</u> (E)

Total [(C3) + (E)] \$ 81,955,738 (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 2021-22 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	<u>\$ -</u> (H)
Sale & Lease-back	<u>-</u> (I)
Extraordinary Aid	<u>2,776,606</u> (J1)
Additional Nonpublic School Transportation Aid	<u>158,050</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>-</u> (J3)
Family Crisis Transportation Aid	<u>-</u> (J4)
Maintenance of Equity Aid and Military Impact Aid	<u>89,872,074</u> (J5)

Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4) + (J5)] \$ 92,806,730 (K)

\*\* This amount represents the June 30, 20210 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree with the June 30, 2022 ACFR 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, 2022
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2022
- (N-4) Emergency reserve at June 30, 2022
- (N-5) School bus fuel offset reserve - current year - June 30, 2022
- (N-6) School bus fuel offset reserve - prior year year - June 30, 2022
- (N-7) Impact Aid general fund reserve at June 30, 2022
- (N-8) Impact Aid capital fund reserve at June 30, 2022
- (N-9) Unemployment fund reserve at June 30, 2022

*Detail of Other Restricted Fund Balance*

Statutory restrictions:

Approved unspent separate proposal	<u>-</u>
Sale/lease-back reserve	<u>-</u>
Capital reserve (N-1)	<u>608</u>
Maintenance reserve (N-2)	<u>-</u>
Tuition reserve (N-3)	<u>-</u>
Emergency reserve (N-4)	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	<u>-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	<u>-</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	<u>-</u>
Reserve for Unemployment Fund (N9)	<u>-</u>

[Other Restricted Fund Balance not noted above]\*\*\*\* -

Total Other Restricted Fund Balance \$ 608 (C4)

**JERSEY CITY PUBLIC SCHOOLS  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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1. Administrative Practices and Procedures

**Finding 2022-001**

The District implement procedures to ensure compliance with surety bond coverage requirements and minimums.

2. Financial Planning, Accounting and Reporting

**Finding 2022-002**

The District should make sure that the amount paid to each vendor agrees to the invoice submitted by the vendor.

**Finding 2022-003**

All checks paid by the District must be presented to the Board for formal of approval.

**Finding 2022-004 (ACFR Finding 2022-002)**

The District implement a more comprehensive process with monitoring to ascertain payroll and excise tax payments are made timely to not incur penalties nor cause revocation of any compromise agreements with the Internal Revenue Service.

**Finding 2022-005**

The District should maintain all personnel files in a manner that is readily available for review.

**Finding 2022-006**

The business office should obtain overtime pre-approval and document whether necessary and reasonable prior to incurring. Furthermore, the business office should require overtime approval documents be formally signed by authorized supervisors prior to payment.

**Finding 2022-007**

The District maintain documentation on terminations readily available for review.

**Finding 2022-008**

The District must obtain SOC Type 2 reports on internal financial reporting controls for third party administrator of tax sheltered payroll contributions.

**Finding 2022-009 (ACFR Finding 2022-001)**

The District aggregate compensated absences and calculate value of liability at year end for reporting purposes and monitor the accuracy and completeness of compensated absences tracking.

**Finding 2022-010**

The District should process and maintain supporting purchasing documentation in an organized and timely manner.

**Finding 2022-011 (ACFR Finding 2022-004)**

The District process payments for costs incurred for utilities in a timely manner and avoid over-expenditures of budget appropriations by adequately funding budget appropriations designated for utility costs.

**Finding 2022-012**

Travel costs be pre-approved in accordance with District policy and documentation maintained for review.

**Finding 2022-013 (ACFR Finding 2022-003)**

Monitoring and performing closing procedures be performed to review bank reconciliations and agree balances to general ledger on a regular and timely basis.

**Finding 2022-014 (ACFR Finding 2022-005)**

Monitoring and closing procedures be performed to review accounting of grant expenditures and receivables for accuracy, completeness, and rights prior to submission of final report to respective grantors. Any adjustments reflected in subsequent grant reporting be separately accounted for to maintain adequate audit trail.

**JERSEY CITY PUBLIC SCHOOLS  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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2. Financial Planning, Accounting and Reporting (Continued)

**Finding 2022-015 (ACFR Finding 2022-006)**

The District accurately reflect adjustments to expenditures at year end for appropriate allocations of schoolwide blended resources in final expenditure reports for Elementary and Secondary Education Act (E.S.E.A.) programs.

3. School Purchasing Programs

**Finding 2022-016**

The District business office determine respective budget appropriations or availability of funds prior to submitting resolutions to go to bid for board approval.

**Finding 2022-017**

W-9 forms for vendors should be obtained and readily available for review.

**Finding 2022-018**

The District should obtain business registration certificates for all vendors paid in excess of 15% of bid threshold.

4. School Food Services

None

5. C.A.S.P.E.R. Program – Enterprise Fund

None

6. Unemployment Compensation Insurance Trust Fund

**Finding 2022-019**

The District adequately review and process or dispute unemployment claims on a timely basis.

7. Student Body Activities

None

8. Application for State School Aid

None

9. Pupil Transportation

**Finding 2022-020**

Information on special education students being transported be adequately provided on a live basis to the transportation department. Information be monitored for accuracy and completeness between the special education department and transportation department to ensure accuracy of students reported on District Report of Transported Resident Students (DRTRS).

**Finding 2022-021**

The District implement policies and procedures to apply timely for reimbursement of allowable costs incurred for special education services to students over 21 years of age available through the grant for additional or compensatory special education and related services for students with disabilities offered through the U.S. Department of Treasury, passed through the State of New Jersey Department of Education.

**JERSEY CITY PUBLIC SCHOOLS  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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10. Facilities and Capital Assets

**Finding 2022-022 (ACFR Finding 2022-007)**

The District maintain fixed assets subsidiary ledger on a live basis and perform periodic inventory to ensure safeguarding of assets and accuracy of ledger for financial reporting and insurance purposes.

11. Self-Insurance

**Finding 2022-023 (ACFR Finding 2022-008)**

The District obtain or adequately estimate liability for claims incurred but not reported (run-off) for self-insurance of employee health benefit plan.

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

None

13. Status of Prior Year Audit Findings/Recommendations

Corrective action had not been taken on prior year findings and the following are repeated in this year's recommendations noted as current year findings 2022-009, 2022-013, 2022-014, 2022-019, and 2022-020 as follows:

- The District aggregate compensated absences and calculate value of liability at year end for reporting purposes and monitor the accuracy and completeness of compensated absences tracking. (2022-009)
- Monitoring and performing closing procedures be performed to review bank reconciliations and agree balances to general ledger on a regular and timely basis. (2022-013)
- Monitoring and closing procedures be performed to review accounting of grant expenditures and receivables for accuracy, completeness, and rights prior to submission of final report to respective grantors. Any adjustments reflected in subsequent grant reporting be separately accounted for to maintain adequate audit trail. (2022-014)
- The District adequately review and process or dispute unemployment claims on a timely basis. (2022-019)
- Information on special education students being transported be adequately provided on a live basis to the transportation department. Information be monitored for accuracy and completeness between the special education department and transportation department to ensure accuracy of students reported on District Report of Transported Resident Students (DRTRS). (2022-020)