

**JERSEY CITY PUBLIC SCHOOLS  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2024**

**JERSEY CITY PUBLIC SCHOOLS  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

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

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Jersey City Public Schools as of and for the fiscal year ended June 30, 2024 and have issued our report thereon dated February 27, 2025.

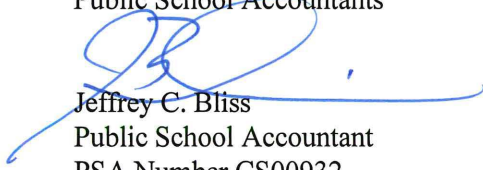
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of Jersey City Public Schools' management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Lerch, Vinci & Bliss, LLP*

LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

  
Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
February 27, 2025

**JERSEY CITY PUBLIC SCHOOLS**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Scope of Audit**

The audit covered the financial transactions of the Business Administrator/Board Secretary and Board Designee for Cash Reconciliations, the activities of the Board of Education, 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 the Schedule of Insurance contained in the Statistical Section of the District's Annual Comprehensive Financial Report (the "ACFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Dennis Frohnapfel	Acting Business Administrator/ Board Secretary	\$2,000,000
Charlotte Holowienka	Reconciliation Clerk	\$2,000,000

The surety bond for the reconciliation clerk (Treasurer Designee) did not meet the minimum statutory amount required under N.J.A.C 6A:23A-16.4. The District has increased the surety bond coverage subsequent to the period of audit, therefore, no audit recommendation is warranted.

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

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The District made a proper adjustment, as applicable, to the billings to sending districts in accordance with N.J.A.C. 6A:23A-17.1(f)3.

**P.L 2020, c. 44**

Our audit procedures included an inquiry and subsequent review of health benefits data required per N.J.S.A. 18A:16-3.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Financial Planning, Accounting and Reporting (Continued)**

**Payroll/Personnel**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

- **Finding 2024-1** – Our audit indicated that deposits into the payroll salary and payroll escrow bank accounts were not made in the total required amounts as reflected on the respective payroll register reports. Rather, transfers were made into these accounts as the individual payments were being made from the respective payroll account.

**Recommendation** – Payroll transfers be made into the Salary and Salary Escrow accounts for the total amount required for each individual pay period as reflected on the respective payroll register reports.

- **Finding 2024-2** – Our audit indicated that balances related to certain employee payroll deductions and withholdings are reported as due to the various respective agencies may not be accurately reflected on the general ledger. In addition, certain other liability accounts were in a negative position.

**Recommendation** – Balances related to employee payroll deductions and withholdings be reviewed and to ensure amounts accurately reflect amounts due.

- **Finding 2024-3** – Our audit of the District's payroll records indicated the following:
  - Timesheets were not able to be provided for audit to support payments to CASPER program employees.
  - Payments for overtime were not always calculated in accordance with the employment contracts.
  - A stipend paid to an employee was not approved as part of the employee's contracts.
  - Time and activity reports were not always signed by the employee and/or supervisor. In addition, instances were noted where a director was approving their own time reports.

**Recommendation** – With respect to the District's payroll:

- Timesheets to support payments to CASPER program employees be maintained on file and made available for audit.
  - Payments for overtime be calculated and paid in accordance with the terms of the employment contract.
  - Stipends be paid only for those amounts approved as part of the employment contract.
  - Time and activity reports be signed by the respective employee and the appropriate supervisory personnel.
- **Finding 2024-4** – Our audit indicated that the District has not completed the required payroll check distribution verification procedure since 2019.

**Recommendation** – The District complete a payroll check distribution verification in accordance with N.J.A.C. 6A:23A-5.7.

The District filed the required certification (E-CERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury.

**Employee Position Control Roster**

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Financial Planning, Accounting and Reporting (Continued)**

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered to determine that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30.

- **Finding 2024-5 (ACFR Finding 2024-001)**– Our audit of year-end outstanding purchase orders and liabilities indicated the following:
  - Numerous purchase order balances classified as reserved for encumbrances at year-end were invalid and should have been cancelled.
  - A material contract awarded by the Board was not encumbered at year-end.
  - Amounts due for goods and/or services provided prior to year-end were not accrued as liabilities.

**Recommendation** – Internal controls over open purchase orders and year-end liabilities be reviewed and enhanced to ensure all obligations of the District are recorded and that purchase order balances classified as reserved for encumbrances represent valid commitments.

**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 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 classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

**Travel**

The Board of Trustees has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

**Board Secretary's Records**

The financial records, books of account and minutes maintained by the Board Secretary were in fair condition.

The prescribed contractual order system was followed with exceptions noted.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgement of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes. The monthly certification of the availability of line item appropriations and fund balances were also approved.

- **Finding 2024-6 (ACFR Finding 2024-002)** – Our audit indicated that transactions and account balances related to the District's Energy Savings Improvement Program (ESIP) were not reflected in the financial reporting system. In addition, payments made with respect the ESIP were not approved by the Board in the official minutes.

**Recommendation** – Transactions and account balances related to the District's Energy Savings Improvement Program (ESIP) be maintained and recorded in the District's financial reporting system. In addition, payments made with respect to the ESIP program be approved the Board in the official minutes.

## JERSEY CITY PUBLIC SCHOOLS

### ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING FOR THE FISCAL YEAR ENDED JUNE 30, 2024

#### Financial Planning, Accounting and Reporting (Continued)

##### Board Secretary's Records (Continued)

- **Finding 2024-7 (ACFR Finding 2024-003)** – Our audit indicated that the financial reporting system for the fiscal year ending June 30, 2024 was not closed for several months subsequent to year end, resulting in numerous, material financial reporting misstatements related to cash, prepaid expenses, accounts payable and reserve for encumbrances. In addition, checks for the 2023-24 fiscal year issued subsequent to year end were back dated and continued to be posted during the subsequent period.

**Recommendation** – The financial reporting system be closed in a timely manner subsequent to year end to ensure accurate reporting and accounting of financial transactions at year-end and the practice of issuing current year checks in the subsequent period be discontinued.

- **Finding 2024-8** – Our audit indicated that documentation was unable to be provided to support the liabilities accrued by the District for salaries and wages at year-end.

**Recommendation** – The District's liabilities for accrued salaries and wages be supported by adequate documentation to ensure the accuracy and validity of the amounts reported.

The Board Secretary's and Treasurer's monthly reports were presented to the Board on a timely basis and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18A:17-9 and 18A:17-36.

- **Finding 2024-9** – Our audit indicated that the District did not obtain an actuarial report with respect to a calculation of Incurred But Not Reported (IBNR) claims pertaining to the self-insurance workers' compensation plan.

**Recommendation** – The District obtain an actuary report with respect to Incurred But Not Reported (IBNR) claims for the self-insured workers compensation plan.

##### Cash Reconciliations

The Board designee did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

- **Finding 2024-10 (ACFR Finding 2024-004)** – Our audit indicated that the District's year-end reconciliation of the general operating bank account was revised several times, resulting in a material variance between the cash balances reported on the District's financial records and the final reconciled bank account balance.

**Recommendation** – Internal controls over the reconciliation of the general operating bank account at year-end be reviewed and enhanced to ensure the final reconciled balance is in agreement with the District's financial reports provided for audit.

##### Unemployment Compensation Insurance

The Board has adopted the direct reimbursement method and maintains an Unemployment Compensation Insurance bank account. The financial transactions related to unemployment are reported in the General Fund.

##### 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 Title I, II, III, and IV of the Elementary and Secondary Education Act, as amended.

**JERSEY CITY PUBLIC SCHOOLS**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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)**

The audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

- **Finding 2024-11.1 (ACFR Finding 2024-006)** – Our audit of the ESEA Title IV program indicated that the modified budget, and resulting balance available for expenditure, as reflected in the District’s budgetary reporting system, did not accurately reflect the amount of program funds available.

**Recommendation** – The District’s budget report related to the ESEA – Title IV program be reviewed to ensure that appropriations and resulting balances accurately reflect remaining program funds available.

**I.D.E.A. Part B**

Separate accounting records were maintained for each approved project grant application approvals and acceptance of grant funds were made by Board resolution.

**Elementary and Secondary School Emergency Relief Funds (ESSER)**

- **Finding 2024-11.2 (ACFR Finding 2024-007)** – Our audit of the American Rescue Plan – ESSER program indicated that the modified budget, and resulting balance available for expenditure, as reflected in the District’s budgetary reporting system, did not accurately reflect the amount of program funds available.

**Recommendation** – The District’s budget report related to the American Rescue Plan – ESSER program be reviewed to ensure that appropriations and resulting balances accurately reflect remaining program funds available.

- **Finding 2024-12 (ACFR Finding 2024-007)** – Our audit of the American Rescue Plan – ESSER program indicated that the Board resolution approving hourly rates paid to employees was not amended to reflect revised contractual rates. In addition, certain timesheets did not contain the required approval signature.

**Recommendation** – The Board resolution approving hourly rates for employees funded by the American Rescue Plan - ESSER program be amended to reflect revised contractual rates. In addition, timesheets for such employees be signed for approval by the appropriate supervisory personnel.

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.

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

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the ACFR.

Our audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**T.P.A.F. Reimbursements**

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 Reports 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.

**Nonpublic State Aid**

Project Completion Reports were finalized and transmitted to the State by the due date.



**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$22,400. The Board has designated the Business Administrator/Board Secretary as the qualified purchasing agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney'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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

- **Finding 2024-13 (ACFR Finding 2024-008)** – Our audit of District contracts subject to the provisions of the Public School Contracts Law indicated the following:
  - Documentation was unable to be provided for audit with respect to certain contracts awarded through the public advertisement for bid.
  - Contract awards and purchases which exceeded the bid threshold were not approved in the minutes.
  - Contract change orders were not always approved by the Board in the official minutes.
  - Political Contribution Disclosure forms for vendors paid in excess of the threshold were not able to be provided for audit.

**Recommendation** - Internal controls over the awarding of contracts be reviewed and enhanced to ensure compliance with the Public School Contracts Law.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

**JERSEY CITY PUBLIC SCHOOLS**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

- **Finding 2024-14 (ACFR Finding 2024-008)** – Our audit of contracts procured through the use of State contracts and cooperative purchasing agreements indicated the following:
  - Certain purchase orders and invoices for vendor payments indicated the use of a State or cooperative purchasing contract. However, contract award documentation was unable to be provided for audit.
  - Per unit prices charged on vendor invoices for payment were not in agreement with the State contract award documentation.
  - Vendor invoices for goods and services under cooperative purchasing contracts were not sufficiently detailed to determine compliance with contract award pricing

**Recommendation** – With respect to payments on contracts procured through the use of State contracts and local cooperative purchasing programs, it is recommended that:

- Documentation to support the State and cooperative purchasing program contracts be maintained on file and made available for audit.
  - Vendor invoices submitted for payment be reviewed to ensure that per unit prices charged agree with State and cooperative purchasing program contract award documentation.
  - Vendor invoices be sufficiently detailed to ensure compliance with contract award pricing.
- **Finding 2024-15 (ACFR Finding 2024-008)** – Our audit indicated that post-award notification to the State Comptroller's office was not made for certain contracts, the cost of which exceeded \$2.5 million. In addition, a pre-bid notification for a contract exceeding \$12.5 million was not made.

**Recommendation** – Notification to the State Comptroller's office be made for contracts awarded in excess of statutory thresholds.

**School Food Service**

SFA's were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

- **Finding 2024-16** – Our audit indicated that food service collections were not always deposited in a timely manner. Certain deposits were made one (1) month after collection.

**Recommendation** – Food service collections be deposited in a timely manner.

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

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**School Food Service (Continued)**

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.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

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. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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 /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration 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.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. 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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the ACFR.

**CASPER Program**

The financial records of the CASPER Program were accounted for in an Enterprise Fund and were maintained in good condition. See Finding 2024-03 in the payroll/personnel section of this report with respect to employee timesheets.

**Student Body Activities**

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

The financial records of the student activity accounts were maintained in satisfactory condition.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2023 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to District workpapers with immaterial exceptions noted. The information that was included on the workpapers was verified with minor 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 2023-2024 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The information on the DRTRS was verified with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

- **Finding 2024-17 (ACFR Finding 2024-009)** – Our audit indicated of the DRTRS indicated the following:
  - Certain students reported as regular - public school students were unable to be located on the respective school's class register.
  - An Individualized Education Program (IEP) was unable to be provided for certain students reported as special education students.
  - Tuition contracts and/or tuition bills were unable to be provided for certain students reported as attending out-of-district schools.

**Recommendation** – Internal controls over the District Report of Transported Resident Students be reviewed and enhanced to ensure only those students eligible for transportation be reported and that documentation to support such eligibility be maintained and available for audit.

Our procedures also included a review of transportation related contracts and purchases.

- **Finding 2024-18 (ACFR Finding 2024-008)** – Our audit indicated that renewal contracts for student transportation services were not submitted to the County for review and approval in a timely manner. Certain contracts were not submitted while others were submitted up to twelve (12) months after approval by the Board.

**Recommendation** – Contract renewals for student transportation services be submitted to the County for review and approval in a timely manner.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Facilities and Capital Assets**

Our procedures included a review of the District's capital assets and related depreciation as well as current capital improvement projects.

- **Finding 2024-19 (ACFR Finding 2024-005)** – Our audit indicated that the capital assets ledger was not maintained to support the cost, and related depreciation, of District owned assets.

**Recommendation** – The District obtain or prepare a perpetual inventory report with respect to the value of District owned capital assets and related depreciation.

**Testing for Lead of all Drinking Water in Educational Facilities**

The school district adhered to all 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 school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

**JERSEY CITY PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Suggestions to Management**

- The District review the local payroll taxes collected by the City of Jersey City to ensure the District is receiving the applicable amounts due.
- The District monitor the remittance of employee payroll deductions to the Internal Revenue Service through the Electronic Federal Tax Payment System.
- The District complete a list of all lease-purchase agreements, leases and subscription based information technology arrangements.
- Employee payroll deductions for summer savings be maintained in a separate bank account.
- The District review unexpended balances of projects reported in the Capital Projects Fund for potential expenditure and/or cancellation.
- Consideration be given to closing the Child Study Team Enterprise Fund, which has been inactive for the current and previous year.
- With respect to the District's Energy Savings Improvement Program (ESIP):
  - Formal action be taken to cancel the amount of bonds that were authorized but not issued.
  - Formal action be taken by the Board with respect to the utilization of the bond premium, along with investment income earned.
- The District obtain and review and quarterly forms B187q provided by the New Jersey Department of Labor with respect to unemployment claims.

**JERSEY CITY PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>
National School Lunch (Regular/Rate)	Paid	214,782	86,129	86,129	-
National School Lunch (Regular Rate)	Reduced	34,885	14,096	14,096	-
National School Lunch (Regular/SSO Rate)	Free	1,583,581	648,188	648,188	-
	TOTAL	1,833,248	748,413	748,413	-
National School Lunch	HHFKA - PB Lunch Only	1,833,248	748,413	748,413	-
School Breakfast (Regular Rate)	Paid	407,197	166,188	166,188	-
	Reduced	40,824	16,513	16,513	-
	Free	1,690,033	688,364	688,364	-
	TOTAL	2,138,054	871,065	871,065	-
After School Snacks	Free (Area Eligible)	340,271	133,127	133,127	-
	TOTAL	340,271	133,127	133,127	-

**JERSEY CITY PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NET CASH RESOURCE SCHEDULE  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Net cash resources did not exceed three months of expenditures  
Proprietary Funds - Food Service  
FYE 2024**

**Current Assets**

Cash & Cash Equiv.	\$ 9,028,081
Due from Other Gov'ts	3,876,189
Accounts Receivable	203,155

**Current Liabilities**

Less Accrued Salaries	(11,255)
Less Due to Other Funds	(9,213,658)
Unearned Revenue	<u>(52,363)</u>

<b>Net Cash Resources</b>	<b><u><u>\$ 3,830,149</u></u></b>
---------------------------	-----------------------------------

**Net Adjusted Total Operating Expense:**

B-5	Total Operating Exp.	15,558,475
B-5	Less Depreciation	<u>(191,847)</u>
	Adjusted Total Operating Exp.	<b><u><u>\$ 15,366,628</u></u></b>

<b><u>Average Monthly Operating Expense:</u></b>	<b><u><u>\$ 1,536,663</u></u></b>
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<b><u>Three times monthly Average:</u></b>	<b><u><u>\$ 4,609,988</u></u></b>
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Total Net Cash Resources	\$ 3,830,149
Three Times Monthly Average	<u>\$ 4,609,988</u>
Amount Above Allowable Net Cash Resources	<b><u><u>\$ (779,839)</u></u></b>

**Net cash resources does not exceed three times monthly average expenses.**



**JERSEY CITY PUBLIC SCHOOL DISTRICT**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 14, 2023**

	2024-2025 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 Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool 3 Years Old	473		473				44		44		0					
Full Day Preschool 4 years old	1,664		1,664				103		103		0					
Half Day Kindergarten																
Full Day Kindergarten	1,755		1,755				210		210		0					
One	1,685		1,685				285		285		0					
Two	1,701		1,701				203		202		1					
Three	1,559		1,559				157		157		0					
Four	1,472		1,472				84		84		0					
Five	1,468		1,468				85		85		0					
Six	1,447		1,447				391		391		0					
Seven	1,412		1,412				440		440		0					
Eight	1,413		1,413				89		89		0					
Nine	1,543		1,543				519		518		1					
Ten	1,393		1,393				539		508		31					
Eleven	1,218		1,218				178		178		0					
Twelve	1,156		1,156				101		101		0					
Post-Graduate																
Adult H.S. (15+CR.)	454		454				454		454							
Adult H.S. (1-14 CR.)																
Subtotal	21,813		21,813				3882		3849		33					
Special Ed - Elementary	1,489		1,499		(10)		51		50		1		34	10	10	
Special Ed - Middle School	757		771		(14)		46		45		1		25	8	7	1
Special Ed - High School	981		1,017		(36)		19		19		0		51	15	14	1
Subtotal	3,227		3,287		(60)		116		114		2		110	33	31	2
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	25,040		25,100		(60)		3,998		3,963		35		110	33	31	2
Percentage Error					-0.24%	-					0.88%	-				6.06%

**SCHEDULE OF AUDITED ENROLLMENTS**

**JERSEY CITY PUBLIC SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2023**

	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
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	1,234	1,234		5	5		176	176		5	5	
One	1,279	1,279		5	5		246	246		6	6	
Two	1,299	1,299		5	5		273	273		7	7	
Three	1,250	1,250		5	5		269	269		7	7	
Four	1,216	1,216		5	5		261	261		7	7	
Five	1,240	1,240		5	5		212	212		6	6	
Six	1,224	1,224		5	5		193	193		5	5	
Seven	1,214	1,214		5	5		220	220		6	6	
Eight	1,209	1,209		5	5		233	233		6	6	
Nine	1,211	1,211		5	5		210	210		6	6	
Ten	977	977		4	4		161	161		4	4	
Eleven	814	814		4	4		117	117		3	3	
Twelve	774	774		3	3		112	112		3	3	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	14,941	14,941	0	61	61	0	2,683	2,683	0	71	71	0
Special Ed - Elementary	1,245	1,252	(7)	5	5		22	22		1	0	1
Special Ed - Middle	749	760	(11)	3	3		14	14		1	0	1
Special Ed - High	850	869	(19)	4	4		1	1		1	0	1
Subtotal	2,844	2,881	(37)	12	12	0	37	37	0	3	0	3
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	17,785	17,822	(37)	73	73	0	2,720	2,720	0	74	71	3
				(c)								
Percentage Error			-0.21%			0.00%			0.00%			4.05%

**Transportation**

	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	1,271	1,271	0	127	121	6
Reg -Sp Ed	1,279	1,279	0	127	104	23
Transported - Non-Public	0	0	0	0	0	0
Special Ed - Spec Needs	414	414	0	41	29	12
Totals	2,964	2,964	0	295	254	41
Percentage Error			0.00%			13.90%

JERSEY CITY PUBLIC SCHOOL DISTRICT

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2023

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	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 Preschool						
Half Day Kindergarten						
Full Day Kindergarten	120	120		6	6	
One	151	151		8	8	
Two	173	173		9	9	
Three	132	132		7	7	
Four	160	160		8	8	
Five	122	122		6	6	
Six	90	90		5	5	
Seven	60	60		3	3	
Eight	42	42		2	2	
Nine	106	106		5	5	
Ten	80	80		4	4	
Eleven	77	77		4	4	
Twelve	62	62		3	3	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>1,375</u>	<u>1,375</u>	<u>0</u>	<u>70</u>	<u>70</u>	<u>0</u>
17 Special Ed - Elementary	4	4		1	1	
Special Ed - Middle	3	3		1	1	
Special Ed - High	<u>5</u>	<u>5</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Subtotal	<u>12</u>	<u>12</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>1,387</u>	<u>1,387</u>	<u>0</u>	<u>73</u>	<u>73</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**JERSEY CITY PUBLIC SCHOOLS  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

2023-24 Total General Fund Expenditures Reported on Exhibit C-1	\$ 855,606,032
Increased by:	
Transfer from General Fund to Special Revenue Fund Pre-K	2,155,930
Capital Reserve Transfer to Capital Projects	11,978,328
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(9,020,398)</u>
Adjusted 2023-24 General Fund and Other State Expenditures	\$ 860,719,892
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(131,787,462)</u>
2023-24 General Fund Expenditures	<u>\$ 728,932,430</u>
2% of Adjusted 2023-24 General Fund Expenditures	\$ 14,578,649
Increased by:	
Allowable Adjustment *	<u>1,632,422</u>
Maximum Unassigned Fund Balance	<u>\$ 16,211,071</u>
Total General Fund - Fund Balance at June 30, 2024 (Budgetary Basis)	\$ 355,719,829
Decreased by:	
Reserved for Encumbrances	\$ 19,337,744
Other Restricted Fund Balance - Capital Reserve	12,739,608
Excess Surplus, Designated for Subsequent Year's Expenditures	98,725,281
Assigned, Designated for Subsequent Year's Expenditures	<u>106,040,646</u>
	<u>236,843,279</u>
Total Unassigned Fund Balance	<u>\$ 118,876,550</u>
<b>Fund Balance - Excess Surplus</b>	<u><b>\$ 102,665,479</b></u>
<b><u>Recapitulation of Excess Surplus as of June 30, 2024</u></b>	
Excess Surplus- Designated in Subsequent Year's Budget	\$ 98,725,281
Excess Surplus	<u>102,665,479</u>
	<u>\$ 201,390,760</u>
<b>* <u>Detail of Allowable Adjustments</u></b>	
Unbudgeted Extraordinary Aid	\$ 1,369,887
Unbudgeted Additional Nonpublic School Transportation Aid	<u>262,535</u>
Total Adjustments	<u>\$ 1,632,422</u>

**JERSEY CITY PUBLIC SCHOOLS**  
**Encumbrances**  
**For the Fiscal Year Ended June 30, 2024**

Encumbrances per the June 30, 2024 Board Secretary Report (General Fund) \$22,812,310

Description	Total by Category	Amount Properly Encumbered	Encumbrances Cancelled Through Audit Adjustments
Regular Instruction	\$ 507,403	\$ 507,403	
Special Education			
Other Instruction			
School Sponsored Co-Curricular	64,108	64,108	
Tuition	66,585	66,585	
Student Support Services	618,225	618,225	
General Administration	1,046,067	246,067	\$ 800,000
School Administration	87,538	87,538	
Central Services	161,784	161,784	
Operations and Maintenance	2,987,642	2,987,642	
Transportation	730,333	730,333	
Unallocated Benefits	1,293,075	152,978	1,140,097
Capital Outlay	10,821,923	12,661,966	(1,840,043)
Transfer to Charter Schools	4,427,627	1,053,115	3,374,512
	<u>22,812,310</u>	<u>19,337,744</u>	<u>3,474,566</u>

Total Encumbrances Cancelled During the Audit 3,474,566

Year End Encumbrances, June 30, 2024 (Committed and Assigned) \$ 19,337,744

**JERSEY CITY PUBLIC SCHOOLS**  
**Encumbrances**  
**For the Fiscal Year Ended June 30, 2024**

Encumbrances per the June 30, 2024 Board Secretary Report (Special Revenue Fund) \$ 12,987,914

Description	Total by Category	Amount Properly Encumbered	Encumbrances Cancelled Through Audit Adjustments
Regular Instruction	\$ 2,470,547	\$ 2,470,547	
Other Instruction	14,586	14,586	
Student Support Services	6,576,197	4,750,604	1,825,593
Central Services	67,432	67,432	
Operations and Maintenance	12,096	12,096	
Capital Outlay	<u>3,847,056</u>	<u>3,847,056</u>	<u>-</u>
	12,987,914	11,162,321	1,825,593

Total Encumbrances Cancelled During the Audit 1,825,593

Year End Encumbrances, June 30, 2024 \$ 11,162,321

## JERSEY CITY PUBLIC SCHOOLS RECOMMENDATIONS

### **I. Administrative Practices and Procedures**

There are none.

### **II. Financial Planning, Accounting and Reporting**

It is recommended that:

- \*
  1. Payroll transfers be made into the Salary and Salary Escrow accounts for the total amount required for each individual pay period as reflected on the respective payroll register reports.
  2. Balances related to employee payroll deductions and withholdings be reviewed and to ensure amounts accurately reflect amounts due.
  3. With respect to the District's payroll:
    - a. Timesheets to support payments to CASPER program employees be maintained on file and made available for audit.
    - b. Payments for overtime be calculated and paid in accordance with the terms of the employment contract.
    - c. Stipends be paid only for those amounts approved as part of the employment contract.
    - d. Time and activity reports be signed by the respective employee and the appropriate supervisory personnel.
  4. The District complete a payroll check distribution verification in accordance with N.J.A.C. 6A:23A-5.7.
- \*
  5. Internal controls over open purchase orders and year-end liabilities be reviewed and enhanced to ensure all obligations of the District are recorded and that purchase order balances classified as reserved for encumbrances represent valid commitments.
  6. Transactions and account balances related to the District's Energy Savings Improvement Program (ESIP) be maintained and recorded in the District's financial reporting system. In addition, payments made with respect to the ESIP program be approved by the Board in the official minutes.
  7. The financial reporting system be closed in a timely manner subsequent to year end to ensure accurate reporting and accounting of financial transactions at year-end and the practice of issuing current year checks in the subsequent period be discontinued.
  8. The District's liabilities for accrued salaries and wages be supported by adequate documentation to ensure the accuracy and validity of the amounts reported.
- \*
  9. The District obtain an actuary report with respect to Incurred But Not Reported (IBNR) claims for the self-insured workers compensation plan.
  10. Internal controls over the reconciliation of the general operating bank account at year-end be reviewed and enhanced to ensure the final reconciled balance is in agreement with the District's financial reports provided for audit.
- \*
  11. The District's budget report related to the ESEA Title IV and American Rescue Plan – ESSER programs be reviewed to ensure that appropriations and resulting balances accurately reflect remaining program funds available.
  12. The Board resolution approving hourly rates for employees funded by the American Rescue Plan -ESSER program be amended to reflect revised contractual rates. In addition, timesheets for such employees be signed for approval by the appropriate supervisory personnel.

## **JERSEY CITY PUBLIC SCHOOLS RECOMMENDATIONS**

### **III. School Purchasing Program**

It is recommended that:

- \* 13. Internal controls over the awarding of contracts be reviewed and enhanced to ensure compliance with the Public School Contracts Law.
- \* 14. With respect to payments on contracts procured through the use of State contracts and local cooperative purchasing programs, it is recommended that:
  - a) Documentation to support the State and cooperative purchasing program contracts be maintained on file and made available for audit.
  - b) Vendor invoices submitted for payment be reviewed to ensure that per unit prices charged agree with the State and cooperative purchasing program contract award documentation.
  - c) Vendor invoices be sufficiently detailed to ensure compliance with contract awarding pricing.
- \* 15. Notification to the State Comptroller's office be made for contracts awarded in excess of statutory thresholds.

### **IV. School Food Services**

16. It is recommended that food service collections be deposited in a timely manner.

### **V. CASPER Program**

There are none.

### **VI. Student Body Activities**

There are none.

### **VII. Application for State School Aid**

There are none.

### **VIII. Pupil Transportation**

It is recommended that:

- \* 17. Internal controls over the District Report of Transported Resident Students be reviewed and enhanced to ensure only those students eligible for transportation be reported and that documentation to support such eligibility be maintained and available for audit.
- \* 18. Contract renewals for student transportation services be submitted to the County for review and approval in a timely manner.

### **IX. Facilities and Capital Assets**

- \* 19. It is recommended that the District obtain or prepare a perpetual inventory report with respect to the value of District owned capital assets and related depreciation.



**JERSEY CITY PUBLIC SCHOOLS  
RECOMMENDATIONS**

**X. Miscellaneous**

There are none.

**XI. Status of Prior Years' Audit Findings/Recommendations**

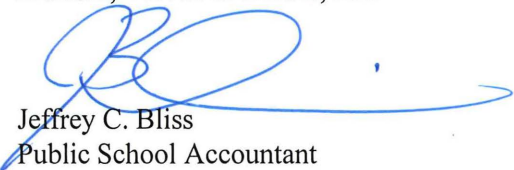
A review was performed on all prior years' recommendations and corrective action was taken on all other than those denoted with an asterisk (\*) above.

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & BLISS, LLP



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932