

**EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

**EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
NEW JERSEY**

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

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Tax ID 22-6001767

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
East Newark School District
East Newark, New Jersey 07029

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the East Newark School District in the County of Hudson for the year ended June 30, 2018, and have issued our report thereon dated January 31, 2019.

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

This report is intended for the information of the East Newark Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
January 31, 2019

EAST NEWARK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Sonia Levan	Board Secretary	\$ 75,000.00
Robert Knapp	Treasurer of School Moneys	150,000.00
David Eichenholtz	Business Administrator	150,000.00

There is an Employee Dishonesty Bond covering all other employees in the amount of \$25,000.00.

Tuition Charges

Not Applicable

Financial Planning, Accounting and Reporting

Examination of Claims

Finding #1:

Condition:

The health benefit bills were not printed each month and attached to the voucher. Amounts recorded in the budget did not agree with actual amounts remitted. The new Board Secretary adjusted the records to reflect the correct payments.

Recommendation:

That all supporting documentation be attached to the vouchers and only the amount paid be recorded in the budget.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Payroll Account and Position Control Roster

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 #2:

Condition:

Estimated amounts were deposited into the Net Payroll and Payroll Agency bank accounts. This resulted in overpayments to both accounts and is recorded as interfunds payable to the General Fund.

Recommendation:

That the amounts transferred into the Net Payroll and Payroll Agency agrees with the payroll registers.

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

Salary withholdings were promptly remitted to the proper agencies.

The propriety of deductions from individual salaries for Pensions, Social Security, Withholding Tax and other purposes was not verified as part of this examination.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2018 for proper classification of orders as reserve for encumbrances and accounts payable.

Finding #3:

Condition:

Encumbrances and Accounts Payable, which were cancelled as part of the June 30, 2017 audit were still shown as open as of June 30, 2018. The new Board Secretary cancelled those encumbrances during the audit.

All encumbrances, contracts, salaries and expenditures for state and federally funded projects were in accordance with laws and regulations and in conformity with procurement requirements.

Finding #4:

Condition:

Allocation of salaries and charges for various expenditures were recorded incorrectly to various grants in the budget. The new Board Secretary adjusted the records to reflect the correct amounts.

Recommendation:

That only correct encumbrances, contracts, salaries and expenditures for state and federally funded projects, in accordance with laws and regulations be recorded in conformity with procurement requirements.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly 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 classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

Finding #5:

Condition:

Numerous reclassification of expenditures were performed by the new Board Secretary which resulted in the overexpenditure of various budgetary accounts.

Recommendation:

That expenditures be properly classified according to the *Uniform Minimum Chart of Accounts* and recorded to the correct budgetary accounts.

Board Secretary's Records

The financial records and books of accounts maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

Finding #6:

Condition:

Cash receipts and disbursements were not recorded in the District's accounting system in a timely manner. This resulted in the Treasurer not being able to reconcile the various bank accounts timely.

Recommendation:

That all cash activity be recorded in the District's accounting system in a timely manner.

Finding #7:

Condition:

The School District did not file an application for Special Extraordinary Aid. This aid is used to offset special education costs.

Recommendation:

That the District file its application for Special Extraordinary Aid every year.

District funds were provided and expended in the proper GAAP account codes based upon audit testing of transactions.

The School District's double entry system of accounting records was maintained in accordance with the Department of Education's prescribed GAAP Technical System Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

Treasurer's Records

The Treasurer's records were examined and found to be in agreement with the records of the Board Secretary.

Finding #8:

Condition:

Bank reconciliations were not prepared timely.

Recommendation:

That the Treasurer prepare the bank reconciliations timely.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for ESEA did not indicate any areas of noncompliance or questionable costs.

Other Special Federal and/or State Projects

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

Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the Special Projects indicated that there were no areas of noncompliance and/or questioned costs.

TPAF Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report(s) for all federal awards for 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds, in accordance with *N.J.S.A. 18A:18A-2* are \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,000.00.

The 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 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.

The results of our examination indicated that there were no individual payments, contracts or agreements made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of *N.J.S.A. 18A:18A-4*, as amended.

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

School Food Service

The school food service program was not selected as a major Federal and State program. However, the program expenditures exceeded \$100,000 in Federal and State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA 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 SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

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 on file, times the number of operating days, on a school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. Sites approved to participate in provisions complied with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

The District utilizes a food service management company (FSMC) in depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

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

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service. Net cash resources exceeded three months average expenditures. The District is aware of this and is implementing a plan to address it.

Cash received and bank records were reviewed for timely deposits.

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

In accordance with AICPA Statement of Auditing Standards #88, food service management companies must have a service audit performed by an independent audit firm engaged by the food service management company. The service audit must report on the food service management company's control structure policies and procedures. The Local School District was able to provide such a service audit for the period under review.

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

The School District did provide the detailed revenue and expenditures information necessary in order to execute the USDA mandated Non-Program Fund Revenue Tool at least annually.

USDA Food Distribution Program Commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

Student Body Activities

Cash receipts and disbursement records were examined only insofar as the local records permitted. Our review did not determine any exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding #9:

Condition:

The October 13, 2017 ASSA Report was not available at the time of audit.

Recommendation:

That all requested documentation should be available and provided upon request at the time of the audit.

Pupil Transportation

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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Accounting for capital assets is required in order to maintain physical accountability over the assets owned by a school. The accounting system should provide a record of the fixed assets obtained over the years that are still in service and identify the funding source for the purchase of those assets. This provides the ability to prevent, detect and recognize losses of capital assets. The New Jersey Department of Education notified school districts that, effective July 1, 2001, there is a \$2,000.00 capitalization threshold for capital assets. This is a policy set for financial reporting and accounting purposes. Schools may use a lower threshold for asset management and insurance purposes.

Testing for Lead of All Drinking Water in Educational Facilities

The School 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 School District submitted 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

There were no audit findings in the prior year.

Miscellaneous

The minutes indicate that the Report on Examination of Accounts for the 2016-2017 fiscal year was reviewed by the Board, a Synopsis thereof distributed at a public meeting and public discussion held.

Acknowledgment

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


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
January 31, 2019

BOARD OF EDUCATION
EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under-claim</u>
National School Lunch - Severe Needs	Paid				None	\$0.33	None
	Reduced				None	2.85	None
	Free	<u> </u>	<u> </u>	<u> </u>	<u>None</u>	3.25	<u>None</u>
Total National School Lunch		<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u>None</u>		<u>None</u>
National School Lunch	HHFKA - PB Lunch Only	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u>None</u>	\$0.06	<u>None</u>
National School Breakfast - Severe Needs	Paid				None	\$0.30	None
	Reduced				None	1.79	None
	Free	<u> </u>	<u> </u>	<u> </u>	<u>None</u>	2.09	<u>None</u>
Total National School Breakfast - Severe Needs		<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u>None</u>		<u>None</u>
Total Net Underclaim							<u>None</u>

BOARD OF EDUCATION
EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under-claim</u>
National School Lunch	Paid				None	\$0.05	None
	Reduced				None	0.055	None
	Free	<u> </u>	<u> </u>	<u> </u>	<u>None</u>	0.055	<u>None</u>
Total National School Lunch		<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u>None</u>		<u>None</u>
Total Net Underclaim							<u>None</u>

**EAST NEWARK SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE
Net Cash Resources did Exceed Three Months of Expenditures
Proprietary Funds - Food Service
FYE 2018**

<u>Net Cash Resources</u>	Food Service B - 4/5	
CAFR *		Current Assets
B-4	\$ 20,433.29	Cash & Cash Equiv.
B-4	163,763.89	Due from Other Gov'ts
B-4		Accounts Receivable
B-4		Investments
CAFR		Current Liabilities
B-4	(19,162.71)	Less Accounts Payable
B-4	(16.53)	Less Accruals
B-4		Less Due to Other Funds
B-4		Less Deferred Revenue
	<u>\$ 165,017.94</u>	Net Cash Resources (A)

Net Adj. Total Operating Expense

B-5	\$ 144,748.62	Tot. Operating Exp.
B-5		Less Depreciation
	<u>\$ 144,748.62</u>	Adj. Tot. Oper. Exp. (B)

Average Monthly Operating Expense

B / 10 \$ 14,474.86 (C)

Three Times Monthly Average

3 X C \$ 43,424.59 (D)

TOTAL IN BOX A	\$ 165,017.94
LESS TOTAL IN BOX D	\$ 43,424.59
NET	<u>\$ 121,593.35</u>

From above:

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

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

SOURCE - USDA Resource Management Comprehensive Review Form

**BOARD OF EDUCATION
EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

**EXCESS SURPLUS CALCULATION
REGULAR DISTRICT**

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>5,548,488.85</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)	
Transfer from General Fund to SRF for PerK-Regular	\$ _____ (B1c)	
Transfer from General Fund to SRF for PerK-Inclusion	\$ _____ (B1d)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>318,020.58</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>5,230,468.27</u> (B3)	
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$ <u>104,609.37</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>250,000.00</u> (B5)	
Increased by: Allowable Adjustment*	\$ _____ (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>250,000.00</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-2018 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>999,456.26</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>200,264.32</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>34,788.43</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>550,499.06</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>3,299.57</u> (C5)	
Additional Assigned Fund Balance - Unreserved - Designated for subsequent Year's Expenditures July 1, 2018 - August 1, 2018	\$ _____ (C6) *****	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		\$ <u>210,604.88</u> (U1)

**BOARD OF EDUCATION
EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 34,788.43 (C3)
Reserved Excess Surplus***[(E)]	\$ <u>0</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>34,788.43</u> (D)

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ _____ (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ _____ (K)

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2018 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

***** Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district budget. Refer to Commissioner's Broadcast and to page I-4.2 of this Audit Program.

BOARD OF EDUCATION
EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>550,499.06</u>
Maintenance reserve	\$ _____
Emergency reserve	\$ _____
Tuition reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
Adult Education Program	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>550,499.06</u> (C4)

EAST NEWARK SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Examination of Claims

That all supporting documentation be attached to the vouchers and only the amount paid be recorded in the budget.

Payroll Account and Position Control Roster

That the amounts transferred into the Net Payroll and Payroll Agency agrees with the payroll registers.

Reserve for Encumbrances and Accounts Payable

That only correct encumbrances, contracts, salaries and expenditures for state and federally funded projects, in accordance with laws and regulations be recorded in conformity with procurement requirements.

Classification of Expenditures

That expenditures be properly classified according to the *Uniform Minimum Chart of Accounts* and recorded to the correct budgetary accounts.

Board Secretary's Records

That all cash activity be recorded in the District's accounting system in a timely manner.

That the District file its application for Special Extraordinary Aid every year.

Treasurer's Records

That the Treasurer prepare the bank reconciliations timely.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

That all requested documentation should be available and provided upon request at the time of the audit.

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Follow-Up on Prior Year Findings

There were no audit findings in the prior year.

10. Miscellaneous

None

