

**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, 2019**

**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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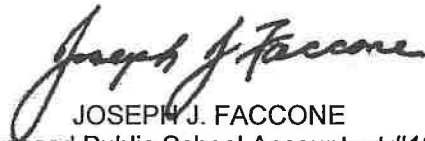
REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with 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 East Newark School District in the County of Hudson for the year ended June 30, 2019, and have issued our report thereon dated November 14, 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
November 14, 2019

EAST NEWARK SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2019

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>
Robert Knapp	Treasurer of School Moneys	\$150,000.00
Robert Clark	Business Administrator/Board Secretary	150,000.00

There is an Employee Dishonesty Bond covering all other employees in the amount of \$500,000.00.

Tuition Charges

Not Applicable

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review revealed no discrepancies with respect to signatures, certification or supporting documentation.

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.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

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, 2019 for proper classification of orders as reserve for encumbrances and accounts payable.

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. As a result of the procedures performed, a transaction error rate of 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

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.

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.

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. Expenditures of federal awards did not meet the \$750,000.00 expenditure threshold requiring a federal single audit.

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 for 2018-19.

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 Cost Reimbursable or Fixed Price 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. No exceptions were noted.

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 15, 2018 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.

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 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


A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.

Miscellaneous

The minutes indicate that the Report on Examination of Accounts for the 2017-2018 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
November 14, 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, 2019

<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	3,272	3,272	3,272	None	\$0.33	None
	Reduced	1,182	1,182	1,182	None	2.93	None
	Free	<u>23,993</u>	<u>23,993</u>	<u>23,993</u>	<u>None</u>	3.33	<u>None</u>
Total National School Lunch - Severe Needs		<u>28,447</u>	<u>28,447</u>	<u>28,447</u>	<u>None</u>		<u>None</u>
National School Lunch	HHFKA - PB Lunch Only	<u>28,447</u>	<u>28,447</u>	<u>28,447</u>	<u>None</u>	\$0.06	<u>None</u>
National School Breakfast - Severe Needs	Paid	1,331	1,331	1,331	None	\$0.31	None
	Reduced	234	234	234	None	1.84	None
	Free	<u>9,605</u>	<u>9,605</u>	<u>9,605</u>	<u>None</u>	2.14	<u>None</u>
Total National School Breakfast - Severe Needs		<u>11,170</u>	<u>11,170</u>	<u>11,170</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, 2019

<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	3,272	3,272	3,272	None	\$0.05	None
	Reduced	1,182	1,182	1,182	None	0.055	None
	Free	<u>23,993</u>	<u>23,993</u>	<u>23,993</u>	<u>None</u>	0.055	<u>None</u>
Total National School Lunch		<u>28,447</u>	<u>28,447</u>	<u>28,447</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 2019**

<u>Net Cash Resources</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 119,843.78
B-4		Due from Other Gov'ts	7,832.51
B-4		Accounts Receivable	
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	(16.53)
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	
		Net Cash Resources	<u><u>\$ 127,659.76</u></u> (A)

Net Adj. Total Operating Expense

B-5	Tot. Operating Exp.	\$ 200,184.76	
B-5	Less Depreciation	<u>\$ (3,820.86)</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 196,363.90</u></u>	(B)

Average Monthly Operating Expense

B / 10	<u><u>\$ 19,636.39</u></u>	(C)
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Three Times Monthly Average

3 X C	<u><u>\$ 58,909.17</u></u>	(D)
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TOTAL IN BOX A	<u>\$ 127,659.76</u>
LESS TOTAL IN BOX D	<u>\$ 58,909.17</u>
NET	<u><u>\$ 68,750.59</u></u>

From above:

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

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

SOURCE - USDA Resource Management Comprehensive Review Form

SCHEDULE OF AUDITED ENROLLMENTS

**EAST NEWARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	2019-2020 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On-Roll		Reported on Workpapers On-Roll		Errors		Sample Selected from Workpapers		Verified per Registers On-Roll		Errors per Registers On-Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 3	10		10					5		5						
Half Day Preschool 4	11		11					5		5						
Full Day Preschool 4																
Half Day Kindergarten																
Full Day Kindergarten	11		11					6		6						
One	13		13					7		7						
Two	20		20					10		10						
Three	22		22					12		12						
Four	23		23					15		15						
Five	17		17					13		13						
Six	26		26					17		17						
Seven	32		32					18		18						
Eight	21		21					11		11						
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Sub-Total	206	0	206	0	0	0	119	0	119	0	0	0	0	0	0	0
Special Ed - Elementary	20		20					12		12			3	3	3	
Special Ed - Middle School	11		11					5		5			1	1	1	
Special Ed - High School													2	1	1	
Sub-Total	31	0	31	0	0	0	17	0	17	0	0	0	6	5	5	0
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	237	0	237	0	0	0	136	0	136	0	0	0	6	5	5	0
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**EAST NEWARK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	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	2	2		1	1						
Full Day Preschool	1	1		1	1							
Half Day Kindergarten												
Full Day Kindergarten	8	8		5	5		2	2		2	2	
One	8	8		5	5		2	2		2	2	
Two	18	18		12	12		5	5		4	4	
Three	18	18		12	12		5	5		4	4	
Four	16	16		10	10		1	1		1	1	
Five	14	14		9	9		5	5		4	4	
Six	21	21		13	13		3	3		3	3	
Seven	28	28		15	15		3	3		3	3	
Eight	18	18		10	10		3	3		2	2	
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Sub-Total	152	152	0	93	93	0	29	29	0	25	25	0
Special Ed - Elementary	16	16		10	10		7	7		6	6	
Special Ed - Middle	8	8		6	6							
Special Ed - High												
Sub-Total	24	24	0	16	16	0	7	7	0	6	6	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	176	176	0	109	109	0	36	36	0	31	31	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1						
Reg. - SpEd, col. 4						
Transported - Non-Public, col. 3						
Non-Public All						
Special Ed Special Needs, col. 6	8	8		7	7	
Totals	8	8		7	7	
Percentage Error						0.00%

	Reported	Recalculated
Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)	0	0
Reg. Avg. (Mileage) = Regular Excluding Grade PK Students (Part B)	0	0
Spec. Avg. = Special Ed with Special Needs	9	9

SCHEDULE OF AUDITED ENROLLMENTS

**EAST NEWARK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	1	1		1	1	
One						
Two						
Three	1	1		1	1	
Four	1	1		1	1	
Five						
Six	1	1		1	1	
Seven	2	2		1	1	
Eight	1	1		1	1	
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Sub-Total	<u>7</u>	<u>7</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Sub-Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>7</u>	<u>7</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOARD OF EDUCATION
EAST NEWARK SCHOOL DISTRICT
COUNTY OF HUDSON
FISCAL YEAR ENDED JUNE 30, 2019

EXCESS SURPLUS CALCULATION
REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>5,431,385.88</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>311,858.25</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>5,119,527.63</u> (B3)	
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>102,390.55</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>250,000.00</u> (B5)	
Increased by: Allowable Adjustment*	\$ <u>73,459.00</u> (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>323,459.00</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-2019 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>1,429,534.95</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>68,302.80</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)	
Other Restricted Fund Balances ****	\$ <u>1,020,319.90</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>29,120.00</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>311,792.25</u> (U1)

**BOARD OF EDUCATION
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FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ _____ (C3)
Reserved Excess Surplus***[(E)] \$ 0 (E)

Total Excess Surplus [(C3) + (E)] \$ _____ (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	\$ <u>73,459.00</u>	(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)]	\$ <u>73,459.00</u>	(K)

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2019 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.

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Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>1,020,319.90</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 Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>1,020,319.90</u> (C4)

EAST NEWARK SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2019

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.

10. Miscellaneous

None

