

**NEWARK BOARD OF EDUCATION
COUNTY OF ESSEX, NEW JERSEY**

**AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2022

**NEWARK BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Independent Auditors' Report

**President and Members
of the Board of Education
Newark Board of Education
County of Essex, New Jersey**

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Newark Board of Education, in the County of Essex, for the year ended June 30, 2022, and have issued our report thereon dated March 17, 2023.

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 17, 2023

Scott A. Clelland

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**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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

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

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

Name	Position	Amount
Evan S. Gillingham	Treasurer of School Monies	\$3,000,000

There is a Public Employees' Faithful Blanket Position Bond with Fidelity Insurance Company covering all other employees with coverage of \$200,000.

P.L.2020,c.44

Our audit procedures included an inquiry and subsequent review of health benefits data required under N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district's data certification was completed by the chief school administrator. The school district's Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Adjustments to the billings to sending districts for the change in per pupil costs, in accordance with N.J.A.C 6A:23A-17.1(f)3, was required.

Financial Planning, Accounting and Reporting

Examination of Claims

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

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

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 tested were approved by the School Business Administrator and Payroll Director and reviewed by the Finance Committee of the Board.

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

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

A review of the Position Control Roster found it to be consistent with payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports) and the general ledger accounts to where wages are posted (administrative versus instruction).

No exceptions were identified.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. Subsequent to the end of the fiscal year, the District performed an analysis of accounts payable and open purchase orders and made entries to properly classify the account balances. No exceptions noted.

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 and haphazardly 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 selected 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% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

Board Secretary's Records

Our review of financial and accounting records maintained by the Board Secretary disclosed the following item:

During our testing of legal expenses, we noted the District's annual legal costs exceeded 130 percent of the statewide average per pupil. The District has lowered costs over the past three years from \$88 per pupil in the 2019 fiscal year, to \$87 in the 2020 fiscal year, to \$82 in the 2021 fiscal year. A recommendation was not included in this report, as the District has made progress reducing this number, but based upon the size of the District and the number of legal cases it is extremely difficult to reduce the costs to not exceed 130 percent of the statewide average per pupil.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer did not disclose any exceptions.

Unemployment Compensation Insurance Trust Fund

The District has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the General Fund. No exceptions were noted.

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 Annual Comprehensive Financial Report (ACFR). This section of the ACFR documents the financial position pertaining to the projects under E.S.E.A.

The study of compliance for E.S.E.A. did not identify any areas of noncompliance.

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 ACFR.

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

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

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.

The study of compliance for the special projects did not yield any areas of noncompliance.

T.P.A.F. 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 Teacher's Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. 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.

Non-Public State Aid

Our review of Non-Public State Aid did not identify any exceptions.

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 Purchasing Agent and \$32,000 without a Qualified Purchasing Agent, respectively. The law regulating bidding for public school transportation contracts under *N.J.S.A. 18A:39-3* is \$20,200 for 2021-22.

The Newark 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.

Procedures were performed on a test basis, to indicate if any individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A. 18A:18A-4*.

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

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

No exceptions were noted during our testing procedures.

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor’s Declaration of Emergency pertaining to the public health emergency all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures. Governor Murphy’s emergency declaration ended June 4, 2021; however, the United States Department of Agriculture’s federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices. SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs 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.

The district does not utilize a food service management company (FSMC) to operate its food service program.

Expenditures were 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.

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

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/board of trustees. 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 Donation Program 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 Position (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 B of the ACFR.

Student Body Activities

During our testing of student activity fund receipts and disbursements, we noted immaterial instances of noncompliance related to the timeliness of deposits, differences between the paper receipt number and the receipt number in the system, and checks having only one authorized signature instead of two. A recommendation was not included in this report, as the District continues to implement new oversight procedures related to student activity

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

funds and the District had already identified the exceptions as part of its internal procedures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) 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 A.S.S.A. was compared to the District work papers with exceptions as presented in the Schedule of Audited Enrollments. The information that was included on the work papers was verified as presented in the Schedule of Audited Enrollments, with the exceptions listed below. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2022-001

Finding:

During our review of the District's ASSA, the following was identified:

- During our testing of the amounts reported on the ASSA as compared to District internal workpapers, the following was identified:
 - The total number of students reported on the ASSA as full-time on-roll was under-reported by 66 students while the total number of students reported on the ASSA as shared-time on-roll was over-reported by 117 students. A total of 37,571 full-time and part-time students were reported on the ASSA.
- During our testing of the amounts reported on the ASSA as receiving bilingual services as compared to District internal workpapers, we noted the District was unable to provide support for 64 of 312 students selected:
 - The District was unable to provide test scores for 63 students. It was noted that the for 51 students the District had scores for subsequent periods, for 2 students the District had scores on file for prior periods, and for 10 students there were no scores on file.
 - One student identified dropped out prior to 10/15/2021.
 - Three students could not be located on the attendance registers.
- During our testing of the amounts reported on the ASSA as enrolled in private school as compared to District internal workpapers, we noted the District was unable to provide support for 4 of 115 students selected:
 - The District was unable to provide an October 2021 tuition bill and unable to confirm the student's attendance at the private school for 4 students.
 - The District was unable to provide a tuition contract or October 2021 tuition bill for 2 students.
- During our testing of the amounts reported on the ASSA, we compared the amount of students reported with District attendance records and IEPs (when required). For a sample of 1,374 students, the following was noted:

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

- The District was unable to provide attendance records for the District's Adult High school program, with a total of 106 full-time students and 114 part-time students reported.
- The District was unable to provide documentation 1 special education student was in attendance at an in-district school

Recommendation:

We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

Pupil Transportation

Because Transportation Aid was not tested as a major program in the 2022 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2021-2022 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared to the information presented by the District without exception.

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

Our procedures included a review of the New Jersey Schools Development Authority ("NJSDA") grant agreements for consistency with recording NJSDA revenue and awarding of contracts for eligible facilities construction. No exceptions were noted during our testing procedures.

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

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations.

**Newark Board of Education
Administrative Findings - Financial,
Compliance and Performance**

- Findings related to the District's Application for State School Aid.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2022 fiscal year.

Acknowledgment

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

NEWARK PUBLIC SCHOOLS

SCHEDULE OF MEAL COUNT ACTIVITY

PROPRIETARY FUNDS - FOOD SERVICE
NUMBER OF MEALS SERVED - FEDERAL
YEAR ENDED JUNE 30, 2022

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
Seamless Summer Option	Lunch - Free	4,268,434	4,268,434	4,268,434	-	\$ 4.56	-
Seamless Summer Option	Breakfast - Free	3,755,943	3,755,943	3,755,943	-	2.61	-
	<u>TOTAL</u>	<u>8,024,377</u>	<u>8,024,377</u>	<u>8,024,377</u>			<u>-</u>
Total Net (Over) Underclaim							<u>\$ -</u>

NEWARK PUBLIC SCHOOLS

SCHEDULE OF MEAL COUNT ACTIVITY

PROPRIETARY FUNDS - FOOD SERVICE

NUMBER OF MEALS SERVED - STATE

YEAR ENDED JUNE 30, 2022

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
State Reimbursement - National School Lunch (Severe Needs)	Seamless Summer Option	4,180,667	4,180,667	4,180,667	-	\$ 0.105	-
	<u>TOTAL</u>	<u>4,180,667</u>	<u>4,180,667</u>	<u>4,180,667</u>			
Total Net (Over) Underclaim							<u><u>\$ -</u></u>

NEWARK PUBLIC SCHOOLS

NET CASH RESOURCE SCHEDULE

Net cash resources did not exceed three months of expenditures
 Proprietary Funds - Food Service
 Year ended June 30, 2022

		Food Service	
		B - 4/5	
Net Cash Resources:			
ACFR	Current Assets		
B-4	Cash & Cash Equiv.	\$ 1,017,857	
B-4	Interfunds Receivable	4,635,094	
B-4	Accounts Receivable - State	37,560	
B-4	Accounts Receivable - Federal	2,573,819	
ACFR	Current Liabilities		
B-4	Less Accounts Payable	(716,372)	
B-4	Less Unearned Revenue	<u>(161,402)</u>	
	Net Cash Resources	<u>\$ 7,386,556</u>	(A)
 Net Adj. Total Operating Expense:			
B-5	Tot. Operating Exp.	28,469,525	
B-5	Less Depreciation	<u>(197,427)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 28,272,098</u>	(B)
 Average Monthly Operating Expense:			
	B / 10	<u>\$ 2,827,210</u>	(C)
 Three times monthly Average:			
	3 X C	<u>\$ 8,481,629</u>	(D)

TOTAL IN BOX A	\$ 7,386,556
LESS TOTAL IN BOX D	\$ 8,481,629
NET	<u>\$ (1,095,073)</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

**NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-23 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 yrs	840		852		(12)		28		27		1					
Full Day Preschool - 4 yrs	1,155		1,146		9		39		36		3					
Half Day Kindergarten																
Full Day Kindergarten	2,332	2	2,296		36	2	35	1	32		3	1				
One	2,199		2,194		5		66		66							
Two	2,259		2,248		11		83		83							
Three	2,328		2,318		10		61		60		1					
Four	2,315		2,301		14		46		46							
Five	2,219		2,216		3		69		68		1					
Six	2,206		2,196		10		47		47							
Seven	2,273		2,256		17		76		76							
Eight	2,389		2,383		6		74		74							
Nine	2,535		2,509		26		316		310		6					
Ten	2,231		2,218		13		69		65		4					
Eleven	2,125		2,141		(16)		127		127							
Twelve	2,027		2,020		7		70		69		1					
Post-Graduate																
Adult H.S. (15+CR.)	99		113		(14)		99		113		(14)					
Adult H.S. (1-14 CR.)		114	96		(96)	114		114	96		(96)	114				
Subtotal	31,532	116	31,503	-	29	116	1,305	115	1,395	-	(90)	115	-	-	-	-
Special Ed - Elementary	2,585		2,570		15		17		111		(94)		14	9	9	
Special Ed - Middle School	1,591		1,613		(22)		49		51		(2)		41	24	22	2
Special Ed - High School	1,746	1	1,834		(88)	1	3	1	222		(219)	1	129	82	80	2
Unallocated																
Subtotal	5,922	1	6,017	-	(95)	1	69	1	384	-	(315)	1.00	184	115	111	4
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	37,454	117	37,520	-	(66)	117	1,374	116	1,779	-	(405)	116	184	115	111	4
Percentage Error					-0.18%	100.00%					-29.48%	100.00%				3.48%

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

The DRTRS was not required to be tested as a major program under State 15-08-OMB and therefore limited procedures were performed below.

SCHEDULE OF AUDITED ENROLLMENTS

	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
Full Day Preschool - 3 yrs	548	491	57	2	2							
Full Day Preschool - 4yrs	870	808	62	10	10							
Half Day Kindergarten												
Full Day Kindergarten	1,702	1,587	115	19	19		319	319		13	1	12
One	1,875	1,828	47	17	17		481	481		20	15	5
Two	1,945	1,905	40	20	20		519	519		20	17	3
Three	2,012	1,980	32	16	16		529	529		20	18	2
Four	1,995	1,946	49	23	23		577	577		24	22	2
Five	1,911	1,864	47	20	20		479	479		22	22	
Six	1,903	1,868	35	21	21		396	396		27	24	3
Seven	1,941	1,900	41	18	18		374	374		15	14	1
Eight	1,972	1,940	32	24	24		363	363		18	16	2
Nine	1,929	1,901	28	17	17		336	336		16	14	2
Ten	1,787	1,759	28	17	17		299	299		14	7	7
Eleven	1,648	1,637	11	18	18		335	335		10	10	
Twelve	1,592	1,577	15	23	23		266	266		16	14	2
Post-Graduate												
Adult H.S. (15+CR.)		8	(8)									
Adult H.S. (1-14 CR.)		22	(22)									
Subtotal	25,630	25,021	609	265	265	-	5,273	5,273	-	235	194	41
Special Ed - Elementary	2,333	2,297	36	27	27		422	422		17	13	4
Special Ed - Middle	1,462	1,480	(18)	13	13		196	196		9	9	
Special Ed - High	1,558	1,627	(69)	17	17		77	77		5	5	
Subtotal	5,353	5,404	(51)	57	57	-	695	695	-	31	27	4
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	30,983	30,425	558	322	322	-	5,968	5,968	-	266	221	45
Percentage Error			1.80%			0.00%			0.00%			16.92%

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
Regular - Public	7,972	7,972	-					
Regular - Spec. Ed	2,050	2,050	-					
Transported - Non-Public	46	46	-					
Transported - Aid-In-Leu	392	392	-					
Spec. Ed - Special needs	2,977	2,977	-					
Totals	13,437	13,437	-	0	0	-		
Percentage Error			0.00%			0.00%		
							Reg Avg.(Mileage) = Regular Including Grade PK students	3.5
							Reg Avg.(Mileage) = Regular Excluding Grade PK students	3.5
							Spec Avg. = Special Ed with Special Needs	3.3

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

SCHEDULE OF AUDITED ENROLLMENTS

	<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
Full Day Preschool - 3 yrs						
Full Day Preschool - 4yrs						
Half Day Kindegarten						
Full Day Kindergarten	136	136		5		5
One	71	72	(1)			
Two	48	48		2	1	1
Three	62	62		4	2	2
Four	86	86		3	2	1
Five	65	66	(1)	4	3	1
Six	68	68		1		1
Seven	63	63		3	1	2
Eight	85	85		8	8	
Nine	102	102		2	1	1
Ten	61	61		4	1	3
Eleven	70	70		4	3	1
Twelve	63	63		3	3	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>980</u>	<u>982</u>	<u>(2)</u>	<u>43</u>	<u>25</u>	<u>18</u>
Special Ed - Elementary	27	27		1	1	
Special Ed - Middle	21	21		1		1
Special Ed - High	12	12		1	1	
Subtotal	<u>60</u>	<u>60</u>	<u>-</u>	<u>3</u>	<u>2</u>	<u>1</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>1,040</u>	<u>1,042</u>	<u>(2)</u>	<u>46</u>	<u>27</u>	<u>19</u>
Percentage Error			<u>-0.19%</u>			<u>41.30%</u>

**NEWARK BOARD OF EDUCATION
GENERAL FUND
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2022**

SECTION 1

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures Reported on Exhibit C-1	\$ 1,211,805,124 (A)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ - (A1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ - (A1a)
Transfer from General Fund to SRF for Pre-K Regular	\$ - (A1a)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ 2,981,117 (A1a)
Less: Expenditures Allocated to Restricted Federal Sources as Reported On Exhibit D-2	<u>15,057,734 (A1b)</u>
2021-22 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]	\$ <u>1,199,728,507 (A2)</u>
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>163,997,100 (A3)</u>
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>- (A4)</u>
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	<u>- (A5)</u>
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	<u>96.05% (A6)</u>
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>- (A7)</u>
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	<u>- (A8)</u>
2021-22 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>1,035,731,407 (A9)</u>
4 percent of Adjusted 2021-22 General Fund Expenditures [(A9) times .04]	<u>41,429,256 (A10)</u>
Enter Greater of (A10) or \$250,000	41,429,256 (A11)
Increased By: Allowable Adjustment*	<u>3,561,466 (K)</u>
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>\$ 44,990,722 (M)</u>
<u>Detail of Allowable Adjustments</u>	
Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 3,447,786 (J1)
Additional Nonpublic School Transportation Aid	\$ 113,680 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
Maintenance of Equity Aid and State Military Impact Aid received July 2022	\$ - (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	<u>\$ 3,561,466 (K)</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2022	\$ <u>143,745,184</u> (C)
Decreased By:	
Year-end Encumbrances	\$ <u>20,460,118</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>27,622,247</u> (C3)
Other Restricted/Reserved Fund Balances****	\$ <u>16,796,797</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>78,866,022</u> (U)

** The amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet 90031.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

- (N-1) Capital reserve at June 30, 2022.
- (N-2) Maintenance reserve minimum required under EFCFA.
- (N-3) Tuition reserve at June 30, 2022.
- (N-4) Emergency reserve at June 30, 2022.
- (N-5) School bus fuel offset reserve - current year - June 30, 2022.
- (N-6) School bus fuel offset reserve - prior year - June 30, 2022.
- (N-7) Impact Aid general fund reserve at June 30, 2022.
- (N-8) Impact Aid capital fund reserve at June 30, 2022.
- (N-9) Unemployment Fund reserve at June 30, 2022.

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ <u>-</u>
Sale/lease-back reserve	\$ <u>-</u>
Capital reserve (N-1)	\$ <u>9,419,941</u>
Maintenance reserve (N-2)	\$ <u>-</u>
Tuition reserve (N-3)	\$ <u>-</u>
Emergency reserve (N-4)	\$ <u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	\$ <u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	\$ <u>-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	\$ <u>-</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	\$ <u>-</u>
Reserve for Unemployment Fund (N-9)	\$ <u>7,376,856</u>
Other Restricted/Reserved Fund Balance not noted above****	\$ <u>-</u>
Total Other Restricted/Reserved Fund Balance	\$ <u>16,796,797</u> (C4)

SECTION 3

Restricted Fund balance - Excess Surplus**[(U)-(M)] IF NEGATIVE ENTER-0	\$ <u>33,875,300</u> (E)
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>27,622,247</u> (C3)
Restricted Excess Surplus ***	<u>33,875,300</u> (E)
Total [(C3) + (E)]	<u>\$ <u>61,497,547</u></u> (D)

**Newark Board of Education
Audit Recommendations Summary
June 30, 2022**

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Programs

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

2022-001 - The District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

Pupil Transportation

None

Facilities and Capital Assets

None

Miscellaneous

None

Status of Prior Year Findings

All prior year findings were corrected, except the findings 2021-001, which was repeated in the current year.