

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

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

JUNE 30, 2023

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

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report.....	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds.....	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	
• General Classifications	4
• Administrative Classifications.....	4
Board Secretary's Records.....	4
Treasurer's Records	4
Unemployment Compensation Insurance Trust Fund.....	5
Elementary and Secondary Education Act as amended by the Every Student Succeeds Act (ESSA).....	5
Other Special Federal and/or State Projects.....	5
T.P.A.F. Reimbursement	7
Non-Public State Aid.....	8
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	8
School Food Service.....	8
Student Body Activities	9
Application for State School Aid	9
Pupil Transportation.....	10
Facilities and Capital Assets.....	10
Testing for Lead of All Drinking Water in Educational Facilities.....	11
Follow-up on Prior Year Findings	11
Acknowledgment	11
Schedules of Meal Count Activity	N/A
Schedule of Net Cash Resources	N/A
Schedule of Audited Enrollments	12
Excess Surplus Calculation	15
Audit Recommendations Summary	17



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, 2023, and have issued our report thereon dated January 22, 2024.

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
January 22, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**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)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Manuel Vieria	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).

The following was noted related to health benefits:

Finding 2023-003

Finding:

During our testing of a sample of District employees' health benefit deductions we identified 6 employees where the health benefit deductions were calculated incorrectly. Upon further review, it was identified that the prescription drug rates utilized to calculate the deductions were incorrect resulting in the employees being overcharged approximately \$1,900 collectively.

Recommendation:

We suggest the District strengthen its internal controls related to the rates utilized by their benefits administration vendor for deduction calculations to ensure employees deductions are accurate. Upon identification of the issue, the District began working with the benefits administration vendor to correct the deductions and has begun the process of issuing refunds to the effected employees.

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. Our testing identified the following:

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

Finding 2023-004

Finding:

During our review of accounts payable and open purchase orders, we noted instances, identified throughout various testing, where the District did not issue a purchase order prior to goods being received or services being rendered (confirming order). Two of the instances identified resulted in improper procurement of goods or services in excess of the bid and quote thresholds. It is noted, the majority of the items identified did have authorization purchase forms approved prior to payment.

Recommendation:

We suggest the District strengthen internal controls and procedures to ensure that all purchase orders that are issued to vendors for goods or services be approved prior to the vendor providing those goods or services.

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.

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 continue to lower costs over the past three years from \$87 per pupil in the 2020 fiscal year, to \$82 in the 2021 fiscal year, to \$61 in the 2022 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.

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

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.

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 indicated the following areas of noncompliance:

I.D.E.A. Part B

Finding 2023-001 (ACFR Finding 2023-001):

Criteria: In accordance with 2 CFR section 430(i)(1) charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

Statement of Condition: During our testing of the I.D.E.A. Part B Program, we identified the District was unable to provide support for payroll charges for 5 employees. Upon further review, it was identified the 5 employees worked for the Extended School Year (ESY) program outside of the Special Education department. This resulted in improper charges to the grant totaling \$19,297. Based upon this review and discussions with the District it was determined the issue related to the ESY program and as such we opted to verify the entire population of payroll charges to the program and identified 72 additional improperly charged employees resulting in improper charges to the grant of \$497,573. This total is inclusive of the original 5 employees identified in our original sample.

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

Questioned Costs: A total of \$497,753 questioned costs were identified.

Context: During our testing of Federal grant compliance, we selected a sample of payroll charges submitted for reimbursement and traced to supporting documentation. The District board approves salaried individuals to be charged to the grant, maintains bi-annual certifications of the salary employees, maintains paper timesheets for hourly and stipend employees, and maintains a spreadsheet for all Office of Special Education approved hires for the ESY program to support payroll charges to the grant. The District was unable to provide us any support that the original 5 employees identified in our testing were appropriately charged to the grant. Based upon discussions with the District personnel, the ESY spreadsheet was reviewed by the Office of Special Education to ensure only employees hired to work the ESY program in the Special Education department were listed. After this review, additional employees that were not on the approved spreadsheet were included in the budget code charged to the I.D.E.A. Part B Program improperly. The Department did not review and compare the additional individuals on the budget position roster to the approved list after the ESY program.

Cause and Effect: The District did not review payroll charges related to the ESY Program periodically to ensure the correct individuals were being charged to the I.D.E.A. Part B Program. This resulted in individuals that were not approved being added to the budget code, expended and included in grant reimbursement requests. Without proper review of payroll charges, the District can overclaim the actual payroll charges incurred.

Recommendation: We suggest the District determine the most appropriate approach to ensure payroll charges related to the ESY Program related to Special Education only includes individuals approved by the Department to be included in the I.D.E.A budget line.

Preschool Education Aid

Finding 2023-002 (ACFR Finding 2023-002):

Criteria: In accordance State guidelines (Circular 15-08-OMB), charges to State awards for salaries and wages must be based on records that accurately reflect the work performed.

Statement of Condition: During our testing of the Preschool Education Aid (PEA) Program, we identified the District was unable to provide support for payroll charges for 4 employees. Upon further review, it was identified that 3 of the 4 employees were teacher-aides who were originally assigned to early childhood classrooms within an elementary school, but were moved by school principals to non-early childhood classrooms without the knowledge of the Early Childhood Department. The fourth identified individual had been moved to an elementary position prior to the start of the school year.

Questioned Costs: A total of \$9,385 of the questioned costs were identified in our sample. Total payroll charges to the grants for the improperly included employees identified were \$162,556. When the error is extrapolated across the entire population it could result in questioned costs of \$1,719,562.

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

Context: During our testing of State grant compliance, we selected a sample of payroll charges submitted for reimbursement and traced to supporting documentation. The District includes approved employees on their annual detail PEA budget, provides a listing of approved employees and their percentage split to the District Budget Department, and completes bi-annual “snapshots” that verify each employee is at their designated PEA/HeadStart location to support payroll charges to the grant. The employees identified were not included on the bi-annual snapshot provided to us. The District was unable to provide us any additional support that the 4 employees identified in our testing were appropriately charged to the grant.

Cause and Effect: The District did not remove individuals from the budget roster subsequent to performing their biannual snapshot. Without proper review and follow-up related to payroll charges, the District can overclaim the actual payroll charges incurred.

Recommendation: We suggest the District determine the most appropriate approach to ensure payroll charges related to the PEA Program only includes individuals approved to be charged to the related budget line.

Head Start

Finding 2023-005

Finding: In accordance with 2 CFR section 329(c)(1), reports submitted quarterly or semiannually are due no later than 30 calendar days after the reporting period and annual reports are due no later than 90 calendar days after the reporting period ends. During our testing of compliance with Head Start reporting requirements we noted that the District submitted 1 semiannual report and their annual report late.

Recommendation: The District should ensure all grant compliance requirements are met.

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.

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

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 2022-23.

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*.

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

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.

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

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 school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and State support. Accordingly, we inquired of appropriate school food service personnel, as to whether the School Food Authority

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

(SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of 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 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.

Net cash resources did not exceed three months average expenditures.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

Exhibits reflecting Child Nutrition Program operations are included in Section B of the ACFR.

Student Body Activities

During our testing of student activity fund receipts and disbursements, no exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2022 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 2023-006

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 over-reported by 95 students. A total of 37,877 full-time and part-time students were reported on the ASSA.
 - The total low-income population reported on the ASSA was 30,867 compared to a population of 30,682 included in District records.
 - The total bilingual population reported on the ASSA was 9,182 compared to a

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

- population of 9,166 included in District records.
- The total private school population reported on the ASSA was 158 compared to a population of 160 included in District records.
- During our testing of the amounts reported on the ASSA, we compared the amount of students reported with District attendance records. For a sample of 1,363 students, the following was noted:
 - For testing attendance of the on-roll population we selected 16 grade levels from 16 schools totaling 729 reported children. The District attendance records show 809 students at the same sites.
 - For testing attendance of the low-income population we selected 322 children and noted no attendance issues.
 - For testing attendance of the bilingual population we selected 312 children and noted 2 students were not included on attendance records and 2 students were found on attendance records of schools other than the school they were reported to attend.
- During our detail testing of the low-income, bilingual and private school populations we noted the following:
 - For testing of the low-income population we selected 322 children and noted no exceptions.
 - For testing of the bilingual population we selected 312 children and noted 9 students were not eligible for the program.
 - For testing of the private school population we selected 103 children and noted 4 children were improperly included in the population as they were not enrolled as of 10/15/2022.

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 2023 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2022-2023 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.

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

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.

- 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 2023 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
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022

SCHEDULE OF AUDITED ENROLLMENTS

	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 Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool - 3 yrs	843.0		847		(4)			29		29						
Full Day Preschool - 4 yrs	1,278.0		1,263		15			28		28						
Half Day Kindegarten	-		-													
Full Day Kindergarten	2,333.0		2,329		4			38		37		1				
One	2,417.0		2,370		47			28		28						
Two	2,231.0		2,185		46			21		21						
Three	2,242.0		2,200		42			11		10		1				
Four	2,239.0		2,197		42			20		20						
Five	2,264.0		2,234		30			37		37						
Six	2,204.0		2,180		24			41		40		1				
Seven	2,250.0		2,226		24			16		15		1				
Eight	2,360.0		2,332		28			11		11						
Nine	2,561.0		2,553		8			77		67		10				
Ten	2,446.0		2,442		4			32		32						
Eleven	2,225.0		2,221		4			69		64		5				
Twelve	2,043.0		2,041		2			91		89		2				
Post-Graduate																
Adult H.S. (15+CR.)	180		189.0		(9)			180		189		(9)				
Adult H.S. (1-14 CR.)												0				
Subtotal	32,116	-	31,809	-	307	-		729	-	717	-	12	-			
Special Ed - Elementary	2,560.0		2,694.0		(134)			54		57		(3)		15	10	10
Special Ed - Middle School	1,498.0		1,544.0		(46)			2		2				33	23	23
Special Ed - High School	1,798.0		1,830.0		(32)			52		52				110	70	66
Unallocated																
Subtotal	5,856	-	6,068	-	(212)	-		108	-	111	-	(3)	-	158	103	99
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	37,972	-	37,877	-	95	-		837	-	828	-	9	-	158	103	99
Percentage Error					0.25%	0.00%						1.08%	0.00%			3.88%

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022

SCHEDULE OF AUDITED ENROLLMENTS

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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	526	496	30	1	1							
Full Day Preschool - 4yrs	993	970	23	3	3							
Half Day Kindergarten	-	-	-	-	-							
Full Day Kindergarten	1,731	1,700	31	23	23	599	575	24	20	20		
One	2,068	2,004	64	23	23	705	676	29	21	21		
Two	1,912	1,853	59	30	30	658	638	20	27	26	1	
Three	1,945	1,895	50	22	22	674	656	18	17	16	1	
Four	1,951	1,907	44	27	27	631	624	7	26	24	2	
Five	1,972	1,938	34	23	23	565	560	5	19	19		
Six	1,889	1,853	36	25	25	516	511	5	21	20	1	
Seven	1,873	1,850	23	16	16	465	454	11	17	17		
Eight	1,965	1,943	22	24	24	431	429	2	20	20		
Nine	1,935	1,931	4	21	21	396	400	(4)	16	16		
Ten	1,845	1,839	6	13	13	395	404	(9)	12	12		
Eleven	1,653	1,639	14	17	17	322	319	3	13	13		
Twelve	1,497	1,490	7	23	23	345	345		20	20		
Post-Graduate												
Adult H.S. (15+CR.)		9	(9)									
Adult H.S. (1-14 CR.)		30	(30)									
Subtotal	25,755	25,347	408	291	291	-	6,702	6,591	111	249	244	5
Special Ed - Elementary	2,251	2,377	(126)	15	15		449	498	(49)	2	2	
Special Ed - Middle	1,347	1,385	(38)	10	10		239	249	(10)	1	1	
Special Ed - High	1,514	1,573	(59)	6	6		167	163	4	5	5	
Subtotal	5,112	5,335	(223)	31	31	-	855	910	(55)	8	8	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	30,867	30,682	185	322	322	-	7,557	7,501	56	257	252	5
Percentage Error			0.60%			0.00%			0.74%			1.95%

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

Transportation							
Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Regular - Public	9,012	9,012	-	-	-		
Regular - Spec. Ed	4,434	4,434	-	-	-		
Transported - Non-Public	3	3	-	-	-		
Transported - Aid-In-Leu	312	312	-	-	-		
Spec. Ed - Special needs	296	296	-	-	-		
Totals	14,057	14,057	-	0	0	-	
Percentage Error			0.00%			0.00%	

Reg Avg. (Mileage) = Regular Including Grade PK students	Reported	Recalculated
Reg Avg. (Mileage) = Regular Excluding Grade PK students	3.2	3.2
Spec Avg. = Special Ed with Special Needs	8.3	8.3

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022

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	193	206	(13)	5	5	
One	124	138	(14)	3	3	
Two	114	114		5	4	1
Three	93	96	(3)	2	1	1
Four	81	81		3	3	
Five	84	86	(2)	3	3	
Six	93	98	(5)	1	1	
Seven	109	109		1	1	
Eight	94	93	1	1	1	
Nine	151	149	2	-	-	
Ten	165	161	4	3	2	1
Eleven	117	120	(3)	2	1	1
Twelve	115	120	(5)	-	-	
Post-Graduate						
Adult H.S. (15+CR.)		1				
Adult H.S. (1-14 CR.)						
Subtotal	<u>1,533</u>	<u>1,572</u>	<u>(38)</u>	<u>29</u>	<u>25</u>	<u>4</u>
Special Ed - Elementary	40	41	(1)	16	14	2
Special Ed - Middle	23	23		3	3	
Special Ed - High	29	29		7	5	2
Subtotal	<u>92</u>	<u>93</u>	<u>(1)</u>	<u>26</u>	<u>22</u>	<u>4</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>1,625</u>	<u>1,665</u>	<u>(39)</u>	<u>55</u>	<u>47</u>	<u>8</u>
Percentage Error			<u>-2.40%</u>			<u>14.55%</u>

**NEWARK BOARD OF EDUCATION
GENERAL FUND
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2023**

SECTION 1

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Exhibit C-1	\$ 1,312,182,587 (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	\$ 3,981,117 (A1a)
Less: Expenditures Allocated to Restricted Federal Sources as Reported On Exhibit D-2	<u>15,627,889 (A1b)</u>
2022-23 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]	<u>\$ 1,300,535,815 (A2)</u>
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>171,753,074 (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>96.18% (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>
2022-23 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>1,128,782,741 (A9)</u>
2 percent of Adjusted 2022-23 General Fund Expenditures [(A9) times .02]	<u>22,575,655 (A10)</u>
Enter Greater of (A10) or \$250,000	22,575,655 (A11)
Increased By: Allowable Adjustment*	<u>3,664,893 (K)</u>
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>\$ 26,240,548 (M)</u>
<u>Detail of Allowable Adjustments</u>	
Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 3,567,549 (J1)
Additional Nonpublic School Transportation Aid	\$ 97,344 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	\$ - (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	<u>\$ 3,664,893 (K)</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2023	\$ <u>228,047,132</u> (C)
Decreased By:	
Assigned - Year-end Encumbrances	\$ <u>30,808,761</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>33,875,300</u> (C3)
Other Restricted/Reserved Fund Balances****	\$ <u>20,460,909</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>142,902,162</u> (U)

** The amount represents the June 30, 2022 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, 2023.
- (N-2) Maintenance reserve minimum required under EFCFA.
- (N-3) Tuition reserve at June 30, 2023.
- (N-4) Emergency reserve at June 30, 2023.
- (N-5) School bus fuel offset reserve - current year - June 30, 2023.
- (N-6) School bus fuel offset reserve - prior year - June 30, 2023.
- (N-7) Impact Aid general fund reserve at June 30, 2023.
- (N-8) Impact Aid capital fund reserve at June 30, 2023.
- (N-9) Unemployment Fund reserve at June 30, 2023.

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>12,419,941</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>8,040,968</u>
Other Restricted/Reserved Fund Balance not noted above****	\$ <u>-</u>
Total Other Restricted/Reserved Fund Balance	\$ <u>20,460,909</u> (C4)

SECTION 3

Restricted Fund balance - Excess Surplus***[(U)-(M)] IF NEGATIVE ENTER-0	\$ <u>116,661,614</u> (E)
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>33,875,300</u> (C3)
Restricted Excess Surplus ***	<u>116,661,614</u> (E)
Total [(C3) + (E)]	\$ <u>150,536,914</u> (D)

**Newark Board of Education
Audit Recommendations Summary
June 30, 2023**

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

2023-003 - The District strengthen its internal controls related to the rates utilized by their benefits administration vendor for deduction calculations to ensure employees deductions are accurate. Upon identification of the issue, the District began working with the benefits administration vendor to correct the deductions and has begun the process of issuing refunds to the effected employees.

2023-004 - The District strengthen internal controls and procedures to ensure that all purchase orders that are issued to vendors for goods or services be approved prior to the vendor providing those goods or services.

2023-001 - The District determine the most appropriate approach to ensure payroll charges related to the ESY Program related to Special Education only includes individuals approved by the Department to be included in the I.D.E.A budget line.

2023-002 - The District determine the most appropriate approach to ensure payroll charges related to the PEA Program only includes individuals approved to be charged to the related budget line.

2023-005 - The District should ensure all grant compliance requirements are met.

School Purchasing Programs

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

2023-006 - 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.

**Newark Board of Education
Audit Recommendations Summary
June 30, 2023**

Pupil Transportation

None

Facilities and Capital Assets

None

Miscellaneous

None

Status of Prior Year Findings

All prior year findings were corrected, except the finding 2022-001, which was repeated in the current year.