NEWARK BOARD OF EDUCATION
COUNTY OF ESSEX, NEW JERSEY

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

JUNE 30, 2024

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, 2024, and have issued our report thereon dated January 15, 2025.

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 15, 2025

Scott A. Clelland

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

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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
Manuel Vieira	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.

<u>Payroll Account and Position Control Roster</u>

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).

<u>Reserve for Encumbrances and Accounts Payable</u>

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.

<u>Classification of Expenditures</u>

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.

<u>Board Secretary's Records</u>

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 attempted to lower costs over the past three years from $61 per pupil in the 2022 fiscal year, up to $93 in the 2023 fiscal year, and down to

$84 in the 2024 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.

<u>Treasurer's Records</u>

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

<u>Unemployment Compensation Insurance Trust Fund</u>

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.

<u>Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)</u>

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.

<u>Other Special Federal and/or State Projects</u>

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:

<u>Extraordinary Aid</u>

Finding 2024-001 (ACFR Finding 2024-001):

Criteria: In accordance with the School Funding Reform Act of 2008, Extraordinary aid is available to school districts with students that have high educational costs. To receive extraordinary aid, the District is required to submit an application listing the students that have high educational costs and have an individualized education program (IEP) that requires the provision of intensive services.

Extraordinary aid is awarded by the State of New Jersey to reimburse school districts for excessive special education costs to fulfill the needs of special education students. The amount of Extraordinary aid is based on the placement of the student and the type of eligible costs prorated by the current year Extraordinary aid rate. Eligible school districts are those where the cost of providing education for an individual student with a disability, who is provided with at least one intensive service, exceeds the following maximum thresholds:

- If a special education student is educated in an in-district public school program with non-disabled peers, the district will receive aid based on 90% of the costs in excess of $40,000;
- If a special education student is educated in a separate public school program for students with disabilities, the district will receive aid based on 75% of the costs in excess of $40,000;
- Lastly, if a special education student is educated in a separate private school for students with disabilities the district will receive aid based on 75% of the costs in excess of $55,000.

Eligible cost are calculated in the following two ways:

- Actual costs for each class prorated by the number of students in each class;
- Using the certified tuition rates for the most recently completed year. If those certified tuition rates do not reasonably reflect the costs in the current year due to a significant difference in costs or number of students, the District may use the budgeted tuition rates from the current school year.

Statement of Condition: The District received Extraordinary aid, however, exceptions were identified that resulted in an unintentional overstatement of eligible costs. The costs claimed for in-district students and students sent to out of district public and private schools were reviewed and deemed eligible for inclusion on the application and no internal exceptions were identified. However, the costs for charter school students were found to include certain costs that were deemed unallowable. Charter schools are required to apply for extraordinary aid through a resident district which in this case was the Newark Board of Education which is thus ultimately responsible for the applications of these students. The four charter schools in question are Great Oaks Legacy Charter School, KIPP TEAM Academy Charter School, North Star Academy Charter School, and Marion P. Thomas Charter School. Upon requesting supporting documentation for the costs claimed on the applications of students sent to the charter schools, Newark staff provided spreadsheets that were provided by the charter schools' staff in order to complete the charter students' applications. The District noted that they do not request or review documentation to support the figures presented in these spreadsheets by the charter schools. Upon requesting the supporting documentation from the charter schools, the following issues were noted:

Great Oaks Legacy Charter School

- Unable to provide support.
- Support did not agree with application.

KIPP TEAM Academy Charter School

- Cost methodologies utilized did not agree with State guidance.

North Star Academy Charter School

- Unable to provide support.
- Support did not agree with application.
- Cost methodologies utilized did not agree with State guidance.

Marion P. Thomas Charter School

- Cost methodologies utilized did not agree with State guidance.

Questioned Costs:

Questioned costs were noted upon conclusion of the review of documentation provided to support costs claimed on the sampled charter school students' applications. In total, there was a difference of $244,008 between the claimed costs on the charter students' applications and the documentation provided. When this difference is prorated by the current year Extraordinary aid application rate it amounts to $150,736. When this difference is extrapolated by charter school based on each charter school's overall claimed costs, the questioned costs came to $303,674 as seen below by charter school.

Great Oaks Legacy Charter School

- The prorated questioned costs noted during audit testing were $1,594. When extrapolated using the total costs claimed for this charter school these costs came to $2,251.

KIPP TEAM Academy Charter School

- The prorated questioned costs noted during audit testing were $39,283. When extrapolated using the total costs claimed for this charter school these costs came to $81,254.

North Star Academy Charter School

- The prorated questioned costs noted during audit testing were $54,705. When extrapolated using the total costs claimed for this charter school these costs came to $151,496.

Marion P. Thomas Charter School

- The prorated questioned costs noted during audit testing were $55,154. When extrapolated using the total costs claimed for this charter school these costs came to $68,673.

Context: During our testing of State awards, we audited the Extraordinary aid application in order to determine if the expenditures were eligible. Our testing included confirmation of out of district, charter school, and in-district tuition and related services costs. The New Jersey Department of Education sets forth the required sample size, which in this case required the testing of 197 students out of a total population of 455.

Cause and Effect: The District did not request or review any documentation from its Charter Schools to support the costs claimed by the Charter Schools on the spreadsheets provided to the District in order to complete the charter students' applications. Without proper review, the Charter Schools and in turn the District can overclaim costs incurred or make claims on ineligible costs.

Recommendation: We suggest the District enhance its internal controls over the review process of the Extraordinary aid application that relates to the charter schools to ensure that all costs included on the application for aid are for eligible costs.

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 $22,400 for 2023-24.

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 (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.

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.

For the year ended June 30, 2024, the food service net cash resources exceeded three times the average food service monthly operating expenses. We suggest the District develop a plan for the excess funds to be utilized in the subsequent year's allowable expenses that will further support the operation and enhance the child nutrition program, such as improving the nutritional quality of the food or purchasing equipment for the kitchen as outlined in 7 CFR 210.14(a).

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 13, 2023 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 2024-002

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 bilingual population reported on the ASSA was 10,371 compared to a population of 10,372 included in District records.
    - The total private school population reported on the ASSA was 113 compared to a population of 120 included in District records.
- During our testing of the amounts reported on the ASSA, we compared the number of students reported with District attendance records.
    - For testing attendance of the bilingual population, we selected 312 children and noted that 3 students who were included in the population were either a no show, transferred out of the District, or were homeschooled, but marked as attending an in District school.
- During our detail testing of the low-income, bilingual and private school populations we noted the following:
    - For testing of the private school population, we selected 77 children and noted 1 child was improperly included in the population as they were not enrolled in a private

school for the disabled as of 10/13/2023. The student was confirmed as attending an out of district public school.

- During our testing of the District's DRTRS, the following was identified:
  - The District was unable to provide an IEP requiring specialized transportation for seven students.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2023-24 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report 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 above. The results of our procedures are presented in the Schedule of Audited Enrollments.

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.

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

Office of Fiscal Accountability and Compliance

There was one audit report issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2024 fiscal year related to Case #INV-062-24. In summary, the District held an event utilizing State aid funds. This event was found to be ineligible for this purpose and the District was directed to refund the disallowed State aid portion of $33,649.07 to the New Jersey Department of Education.

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 13, 2023

SCHEDULE OF AUDITED ENROLLMENTS

	2023-24 Application for State School Aid						Sample for Verification						Private Schools for Disabled			Sample for Verification		
	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. Private Schools	Reported on Workpapers Private Schools	Errors Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Full Day Preschool - 3 yrs	984.0		984.0				10		10									
Full Day Preschool - 4 yrs	1,363.0		1,363.0				7		7									
Half Day Kindegarten	-		-				-		-									
Full Day Kindergarten	2,496.0		2,496.0				31		31									
One	2,408.0		2,408.0				18		18									
Two	2,403.0		2,403.0				22		22									
Three	2,275.0		2,275.0				12		12									
Four	2,275.0		2,275.0				24		24									
Five	2,248.0		2,248.0				16		16									
Six	2,296.0		2,296.0				23		23									
Seven	2,245.0		2,245.0				19		19									
Eight	2,365.0		2,365.0				16		16									
Nine	2,504.0		2,504.0				22		22									
Ten	2,534.0		2,534.0				21		21									
Eleven	2,463.0		2,463.0				17		17									
Twelve	2,140.0		2,140.0				11		11									
Post-Graduate																		
Adult H.S. (15+CR.)	270		270															
Adult H.S. (1-14 CR.)																		
Subtotal	33,269	-	33,269	-	-	-	269	-	269	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	2,687.0		2,687.0				22		22				8	7	1	2	2	
Special Ed - Middle School	1,420.0		1,420.0				14		14				25	25		17	17	
Special Ed - High School	1,791.0		1,791.0				17		17				80	88	(8)	58	57	1
Subtotal	5,898	-	5,898	-	-	-	53	-	53	-	-	-	113	120	(7)	77	76	1
Co. Voc. - Regular																		
Co. Voc. Ft. Post Sec.																		
Totals	39,167	-	39,167	-	-	-	322	-	322	-	-	-	113	120	(7)	77	76	1
Percentage Error					0.00%	0.00%					0.00%	0.00%			-6.19%			1.30%

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

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	552	552		7	7							
Full Day Preschool - 4yrs	973	973		17	17							
Half Day Kindegarten												
Full Day Kindergarten	1,843	1,843		19	19		636	636		19	19	
One	1,994	1,994		23	23		809	809		30	29	1
Two	2,028	2,028		27	27		793	793		23	23	
Three	1,914	1,914		26	26		726	726		26	26	
Four	1,908	1,908		20	20		653	653		23	23	
Five	1,890	1,890		19	19		573	573		11	11	
Six	1,924	1,924		18	18		523	523		14	14	
Seven	1,874	1,874		20	20		568	568		21	21	
Eight	1,906	1,906		26	26		513	513		13	13	
Nine	1,905	1,905		17	17		466	466		16	15	1
Ten	1,729	1,729		16	16		340	340		12	12	
Eleven	1,660	1,660		11	11		319	319		8	8	
Twelve	1,395	1,395		15	15		237	237		6	6	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	25,495	25,495		281	281	-	7,156	7,156	-	222	220	2
Special Ed - Elementary	2,266	2,266		22	22		502	502		13	13	
Special Ed - Middle	1,249	1,249		11	11		237	237		7	7	
Special Ed - High	1,431	1,431		8	8		180	180		1	1	
Subtotal	4,946	4,946	-	41	41	-	919	919	-	21	21	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	30,441	30,441	-	322	322	-	8,075	8,075	-	243	241	2
Percentage Error			0.00%			0.00%			0.00%			0.82%

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public	8,547	8,547	-	194	194	-
Regular - Spec. Ed	1,258	1,258	-	25	25	-
Transported - Non-Public	1	1	-	1	1	-
Transported - Aid-In-Leu	341	341	-	9	9	-
Spec. Ed - Special needs	3,838	3,838	-	89	82	7
Totals	13,985	13,985	-	318	311	7.00
Percentage Error			0.00%			2.20%

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students	3.6	3.6
Reg Avg.(Mileage) = Regular Excluding Grade PK students	3.6	3.6
Spec Avg. = Special Ed with Special Needs	3.3	3.3

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP NOT Low Income			Sample for Verification		
	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		1	(1)			
Full Day Preschool - 4yrs						
Half Day Kindegarten						
Full Day Kindergarten	217	217		9	9	
One	140	140		2	2	
Two	126	126		4	4	
Three	130	130		4	4	
Four	140	140		3	2	1
Five	118	118		2	2	
Six	115	115		5	5	
Seven	119	119		5	5	
Eight	137	137		5	5	
Nine	160	160		2	2	
Ten	284	284		11	11	
Eleven	268	268		5	5	
Twelve	220	220		7	7	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	2,174	2,175	(1)	64	63	1
Special Ed - Elementary	56	56		2	2	
Special Ed - Middle	21	21		1	1	
Special Ed - High	45	45		2	2	
Subtotal	122	122	-	5	5	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	2,296	2,297	(1)	69	68	1
Percentage Error			-0.04%			1.45%

NEWARK BOARD OF EDUCATION
GENERAL FUND
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2024

SECTION 1
A. 2% Calculation of Excess Surplus

2023-24 Total General Fund Expenditures Exhibit C-1	$ 1,455,982,266	(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	$ 4,981,117	(A1a)		
Less: Expenditures Allocated to Restricted Federal Sources as Reported On Exhibit D-2	14,456,918	(A1b)		
2023-24 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]			$ 1,446,506,465	(A2)
Decreased by:				
On-Behalf TPAF Pension and Social Security			174,099,090	(A3)
Assets Acquired Under Capital Leases:				
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	-	(A4)		
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	-	(A5)		
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	96.66%	(A6)		
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	-	(A7)		
Total Assets Acquired Under Capital Leases [(A4)+(A7)]			-	(A8)
2023-24 General Fund Expenditures [(A2)-(A3)-(A8)]			1,272,407,375	(A9)
2 percent of Adjusted 2023-24 General Fund Expenditures [(A9) times .02]			25,448,147	(A10)
Enter Greater of (A10) or $250,000			25,448,147	(A11)
Increased By: Allowable Adjustment*			3,939,049	(K)
Maximum Unassigned Fund Balance [(A11)+(K)]			$ 29,387,196	(M)

Detail of Allowable Adjustments

Impact Aid	$ -	(H)
Sale & Lease-back	$ -	(I)
Extraordinary Aid	$ 3,783,894	(J1)
Additional Nonpublic School Transportation Aid	$ 155,155	(J2)
Current Year School Bus Advertising Revenue Recognized	$ -	(J3)
Family Crisis Transportation Aid	$ -	(J4)
Supplemental Stablization Aid received April 2024 & Maintenance of Equity Aid received July 2024	$ -	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 3,939,049	(K)

SECTION 2

Total General Fund - Fund Balances at June 30, 2024	$ 287,649,592	(C)		
Decreased By:				
Assigned - Year-end Encumbrances	$ 26,790,091	(C1)		
Legally Restricted - Designated for Subsequent Year's Expenditures	$ -	(C2)		
Excess Surplus - Designated for Subsequent Year's Expenditures**	$ 116,661,614	(C3)		
Other Restricted/Reserved Fund Balances****	$ 24,142,159	(C4)		
Assigned - Designated for Subsequent Year's Expenditures	$ -	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 120,055,728	(U)

** This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet 90031.
*** Amounts must agree to the June 30, 2024 ACFR and must agree to Audit Summary Line 90030.

**** 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, 2024.
(N-2) Maintenance reserve minimum required under EFCFA.
(N-3) Tuition reserve at June 30, 2024.
(N-4) Emergency reserve at June 30, 2024.
(N-5) School bus fuel offset reserve - current year - June 30, 2024.
(N-6) School bus fuel offset reserve - prior year - June 30, 2024.
(N-7) Impact Aid general fund reserve at June 30, 2024.
(N-8) Impact Aid capital fund reserve at June 30, 2024.
(N-9) Unemployment Fund reserve at June 30, 2024.

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	$ -	
Sale/lease-back reserve	$ -	
Capital reserve (N-1)	$ 15,419,941	
Maintenance reserve (N-2)	$ -	
Tuition reserve (N-3)	$ -	
Emergency reserve (N-4)	$ -	
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	$ -	
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	$ -	
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	$ -	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	$ -	
Reserve for Unemployment Fund (N-9)	$ 8,722,218	
Other Restricted/Reserved Fund Balance not noted above****	$ -	
Total Other Restricted/Reserved Fund Balance	$ 24,142,159	(C4)

SECTION 3

Restricted Fund balance - Excess Surplus***[(U)-(M)] IF NEGATIVE ENTER-0	$ 90,668,533	(E)
Summary:		
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	$ 116,661,614	(C3)
Restricted Excess Surplus ***	90,668,533	(E)
Total [(C3) + (E)]	$ 207,330,147	(D)

Newark Board of Education
Audit Recommendations Summary
June 30, 2024

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

2024-001 – The District enhance its internal controls over the review process of the extraordinary aid application to ensure that all costs included on the application for aid are for eligible costs.

School Purchasing Programs

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

2024-002 - 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.