NEWARK BOARD OF EDUCATION
COUNTY OF ESSEX, NEW JERSEY

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

JUNE 30, 2025

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, 2025, and have issued our report thereon, dated January 15, 2026.

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, 2026

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*)

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 under 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).

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.

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 attempted to lower costs over the past three years from $93 in the 2023 fiscal year, down to $84 in the 2024 fiscal year, and down to $74 in the 2025 fiscal year. A recommendation was not included in this report, as the District has attempted to reduce 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.

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:

Extraordinary Aid

Finding 2025-001 (ACFR Finding 2025-001):

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 costs 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, in-district students sent to out of district public and private schools and charter school students were reviewed and were found to include certain costs that were deemed unallowable. Upon reviewing the support provided for the selected in-district students, the following issues were noted.

In-district students attending Newark Public Schools

- Tuition costs did not agree to the final state certified tuition letter. The District utilized the initial letter in error and was not aware that the letter was subsequently updated by the State of NJ.
- Applications submitted for students who did not qualify for Extraordinary Aid.

In-district students attending out of district public and private schools

- Costs claimed for services not received.
- One application submitted for a student who did not qualify for Extraordinary Aid.

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 three charter schools in question are Great Oaks Legacy 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 and some support that was provided by the charter schools' staff in order to complete the charter students' applications. The District noted that they did not have sufficient time to review all the documentation provided and agree the support to the figures presented in these spreadsheets by the charter schools. Upon reviewing the support provided to the District and requesting additional supporting documentation from the charter schools, the following issues were noted:

Great Oaks Legacy Charter School

- Support did not agree with application.
- Applications submitted for students who did not qualify for Extraordinary Aid.

North Star Academy Charter School

- Support did not agree with application.
- Applications submitted for students who did not qualify for Extraordinary Aid.

Marion P. Thomas Charter School

- Support did not agree with application.

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 $1,149,533 between the claimed costs applications and the documentation provided. In order to calculate the reimbursable portion of the cost difference it is reduced by $40,000 per application and the balance multiplied by 90% or 75% depending on the applications category resulting in $227,735. When this difference is prorated by the current year Extraordinary aid application rate it amounts to $117,693 actual questioned costs. When this difference is extrapolated costs came to $255,967 as seen below by school.

In-district students attending Newark Public Schools

- The prorated questioned costs noted during audit testing were $33,430. When extrapolated using the total costs claimed for this category these costs came to $73,823.

In-district students attending out of district public and private schools

- The prorated questioned costs noted during audit testing were $64,110. When extrapolated using the total costs claimed for this category these costs came to $138,798.

Great Oaks Legacy Charter School

- The prorated questioned costs noted during audit testing were $47,941. When extrapolated using the total costs claimed for this charter school these costs came to $103,004.

North Star Academy Charter School

- The prorated questioned costs noted during audit testing were ($28,716). When extrapolated using the total costs claimed for this charter school these costs came to ($61,562.)

Marion P. Thomas Charter School

- The prorated questioned costs noted during audit testing were $928. When extrapolated using the total costs claimed for this charter school these costs came to $1,903.

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 157 students out of a total population of 326.

Cause and Effect: The District did not review all documentation from its Charter Schools to verify 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. The District was not aware the State provides an initial and replaces the initial letter with the final certified tuition letter in the portal. Using an outdated certified tuition letter the District can overclaim costs. IEPs and invoices provided for in-district students did not always agree to the costs claimed or services provided resulting in overclaimed costs and ineligible applications.

Recommendation: We suggest 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.

<u>T.P.A.F. Reimbursement</u>

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 2024-25.

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.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts and meal count records were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures should be 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.

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.

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 (food and/or 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 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 15, 2024 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 2025-002

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 adult high school population enrolled in 15 or more credits reported on the ASSA was 182 compared to a population of 183 included in District records.
- During our detail testing of the low-income, bilingual and private school populations we noted the following:
    - For the testing of the private school population, we selected 97 students and noted 5 students were not attending a private school at the time of the ASSA cut off date. These students either began fully or sporadically attending after the cutoff date or not at all. 2 of the 97 students tested had graduated prior to the ASSA cutoff date but remained in the private school population.
    - For the testing of the bilingual low-income population, we selected 318 students and noted 1 student had been transferred out of the bilingual program as a result of eligibility testing but remained in the population per the ASSA count. 1 student did not qualify for free or reduced lunch based on income eligibility guidelines but remained within the low-income bilingual population per the ASSA count instead of being moved to the non-low-income population. It should be noted that this student, while included in the ASSA count as low income, was correctly designated in the lunch application software as non-low income.
    - For the testing of the low-income population, we selected 322 students and noted 5 students that were marked as either receiving free or reduced lunch were not eligible for either based on income eligibility guidelines. We noted 8 students were included in the population as reduced lunch eligible when based on income eligibility guidelines they qualified as free lunch. We noted 4 students were included in the population as free lunch eligible when based on income eligibility guidelines they qualified as reduced lunch. It should be noted that these students, while included in the ASSA count in the incorrect categories, were designated in the lunch application software correctly.

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

<u>Pupil Transportation</u>

Due to Transportation Aid not being tested as a major program in the 2025 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2024-2025 District Report of Transported Resident Students (DRTRS). However, we did agree with the information presented on the DRTRS by the County/NJDOE and compared it 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's recommendations. Corrective action has been taken on all prior year's 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.
- Findings related to the District's submission for Extraordinary aid

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, 2025

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Program	Paid	723,548	723,548	723,548	-	$ 0.440	-
National School Program	Reduced	280,882	280,882	280,882	-	4.050	-
National School Program	Free	3,748,778	3,748,778	3,748,778	-	4.450	-
National School Breakfast	Paid	4,133	4,133	4,133	-	0.390	-
National School Breakfast	Reduced	2,285	2,285	2,285	-	2.070	-
National School Breakfast	Free	38,926	38,926	38,926	-	2.370	-
Severe Needs Breakfast	Paid	577,507	577,507	577,507	-	0.390	-
Severe Needs Breakfast	Reduced	242,676	242,676	242,676	-	2.540	-
Severe Needs Breakfast	Free	3,185,179	3,185,179	3,185,179	-	2.840	-
Summer Food Service Program (Lunch)		153,969	153,969	153,969	-	5.213	-
Summer Food Service Program (Breakfast)		130,735	130,735	130,735	-	2.978	
	TOTAL	9,088,618	9,088,618	9,088,618			-

Total Net (Over) Underclaim	$ -

NEWARK PUBLIC SCHOOLS

SCHEDULE OF MEAL COUNT ACTIVITY

PROPRIETARY FUNDS - FOOD SERVICE
NUMBER OF MEALS SERVED - STATE
YEAR ENDED JUNE 30, 2025

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (NJEIE)		27,601	27,601	27,601	-	$ 4.010	-
National School Breakfast (NJEIE)		184	184	184	-	1.98	-
Severe Needs Breakfast (NJEIE)		24,487	24,487	24,487	-	2.45	-
	TOTAL	52,272	52,272	52,272			-
	Total Net (Over) Underclaim						$ -

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, 2025

Net Cash Resources:		**Food Service B - 4/5**	
ACFR	**Current Assets**		
B-4	Cash & Cash Equiv.	$ 1,036,690	
B-4	Interfunds Receivable	3,317,176	
B-4	Accounts Receivable - State	238,635	
B-4	Accounts Receivable - Federal	5,728,495	
B-4	Accounts Receivable - Other	1,770,162	
ACFR	**Current Liabilities**		
B-4	Less Accounts Payable	(1,619,854)	
B-4	Less Accruals	(329,873)	
B-4	Less Due to Other Funds	(608,084)	
B-4	Less Unearned Revenue	(26,505)	
	Net Cash Resources	**$ 9,506,842**	**(A)**
Net Adj. Total Operating Expense:			
B-5	Tot. Operating Exp.	38,473,937	
B-5	Less Depreciation	(280,546)	
	Adj. Tot. Oper. Exp.	**$ 38,193,391**	**(B)**
Average Monthly Operating Expense:			
	B / 10	**$ 3,819,339**	**(C)**
Three times monthly Average:			
	3 X C	**$ 11,458,017**	**(D)**

TOTAL IN BOX A	$	9,506,842
LESS TOTAL IN BOX D	$	11,458,017
NET	**$**	**(1,951,175)**

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.

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

SCHEDULE OF AUDITED ENROLLMENTS

	2025-26 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	972.0	-	972.0	-	-	-	4	-	4	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 yrs	1,379.0	-	1,379.0	-	-	-	4	-	4	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	2,401.0	-	2,401.0	-	-	-	29	-	29	-	-	-	-	-	-	-	-	-
One	2,553.0	-	2,553.0	-	-	-	30	-	30	-	-	-	-	-	-	-	-	-
Two	2,462.0	-	2,462.0	-	-	-	27	-	27	-	-	-	-	-	-	-	-	-
Three	2,467.0	-	2,467.0	-	-	-	33	-	33	-	-	-	-	-	-	-	-	-
Four	2,370.0	-	2,370.0	-	-	-	28	-	28	-	-	-	-	-	-	-	-	-
Five	2,310.0	-	2,310.0	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-
Six	2,319.0	-	2,319.0	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-
Seven	2,429.0	-	2,429.0	-	-	-	26	-	26	-	-	-	-	-	-	-	-	-
Eight	2,356.0	-	2,356.0	-	-	-	23	-	23	-	-	-	-	-	-	-	-	-
Nine	2,611.0	-	2,611.0	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-
Ten	2,632.0	-	2,632.0	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-
Eleven	2,547.0	-	2,547.0	-	-	-	9	-	9	-	-	-	-	-	-	-	-	-
Twelve	2,434.0	-	2,434.0	-	-	-	8	-	8	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	182	-	183	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	179	-	179	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Subtotal	34,424	179	34,425	179	(1)	-	290	-	290	1	-	-	-	-	-	-	-	-
Special Ed - Elementary	2,926.0	-	2,926.0	-	-	-	10	-	10	-	-	-	17	17	-	10	9	1
Special Ed - Middle School	1,447.0	-	1,447.0	-	-	-	11	-	11	-	-	-	22	22	-	14	13	1
Special Ed - High School	1,727.0	-	1,727.0	-	-	-	10	-	10	-	-	-	103	103	-	73	68	5
Subtotal	6,100	-	6,100	-	-	-	31	-	31	-	-	-	142	142	-	97	90	7
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	40,524	179	40,525	179	(1)	-	321	-	321	1	-	-	142	142	0	97	90	7
Percentage Error					0.00%	0.00%					0.00%	0.00%			0.00%			7.22%

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

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	650	650	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yrs	1,147	1,147	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-		-	-	-	-	-	-	-	-	-
Full Day Kindergarten	1,950	1,950	-	32	32	-	742	742	-	33	33	-
One	2,255	2,255	-	41	41	-	944	944	-	40	40	-
Two	2,090	2,090	-	37	35	2	935	935	-	39	38	1
Three	2,129	2,129	-	44	40	4	909	909	-	45	45	-
Four	2,042	2,042	-	28	26	2	812	812	-	27	27	-
Five	1,961	1,961	-	19	19	-	648	648	-	18	18	-
Six	1,987	1,987	-	20	19	1	583	583	-	20	20	-
Seven	2,060	2,060	-	26	25	1	614	614	-	25	25	-
Eight	1,977	1,977	-	23	22	1	629	629	-	20	20	-
Nine	1,971	1,971	-	14	12	2	566	566	-	12	11	1
Ten	2,081	2,081	-	16	14	2	540	540	-	14	14	-
Eleven	1,783	1,783	-	8	7	1	400	400	-	8	8	-
Twelve	1,714	1,714	-	5	5		353	353	-	4	4	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	27,797	27,797		313	297	16	8,675	8,675	-	305	303	2
Special Ed - Elementary	2,503	2,503	-	6	6	-	563	563	-	-	-	-
Special Ed - Middle	1,300	1,300	-	3	3	-	232	232	-	2	2	-
Special Ed - High	1,432	1,432	-	-	-	-	193	193	-	-	-	-
Subtotal	5,235	5,235	-	9	9	-	988	988	-	2	2	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	33,032	33,032	-	322	306	16	9,663	9,663	-	307	305	2
Percentage Error			0.00%			4.97%			0.00%			0.65%

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	10,306	10,306	-	-	-	-
Regular - Spec. Ed	2,901	2,901	-	-	-	-
Transported - Non-Public	-	-	-	-	-	-
Transported - Aid-In-Leu	348	348	-	-	-	-
Spec. Ed - Special needs	1,413	1,413	-	-	-	-
Totals	14,968	14,968	-	-	-	-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students	3.4	3.4
Reg Avg.(Mileage) = Regular Excluding Grade PK students	3.4	3.4
Spec Avg. = Special Ed with Special Needs	3.8	3.8

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

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	-	-	-	-	-	-
Full Day Preschool - 4yrs	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	157	157	-	-	-	-
One	95	95	-	1	1	-
Two	143	143	-	-	-	-
Three	129	129	-	-	-	-
Four	120	120	-	-	-	-
Five	133	133	-	1	1	-
Six	101	101	-	-	-	-
Seven	121	121	-	-	-	-
Eight	136	136	-	2	2	-
Nine	185	185	-	1	1	-
Ten	181	181	-	1	1	-
Eleven	250	250	-	-	-	-
Twelve	213	213	-	-	-	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	1,964	1,964	-	6	6	-
Special Ed - Elementary	54	54	-	1	1	-
Special Ed - Middle	16	16	-	3	3	-
Special Ed - High	36	36	-	1	1	-
Subtotal	106	106	-	5	5	-
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	2,070	2,070	-	11	11	-
Percentage Error			0.00%			0.00%

NEWARK BOARD OF EDUCATION
GENERAL FUND
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2025

SECTION 1

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures Exhibit C-1	$ 1,609,478,744	(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	14,503,632	(A1b)		
2024-25 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]			$ 1,599,956,229	(A2)
Decreased by:				
On-Behalf TPAF Pension and Social Security			188,054,471	(A3)
Assets Acquired Under Leases:				
General Fund 10 Assets Acquired Under Leases reported on Exhibit C-1a	-	(A4)		
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Leases:				
Assets Acquired Under 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	96.89%	(A6)		
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Leases [(A5)*(A6)]	-	(A7)		
Total Assets Acquired Under Leases [(A4)+(A7)]			-	(A8)
2024-25 General Fund Expenditures [(A2)-(A3)-(A8)]			1,411,901,758	(A9)
2 percent of Adjusted 2024-25 General Fund Expenditures [(A9) times .02]			28,238,035	(A10)
Enter Greater of (A10) or $250,000			28,238,035	(A11)
Increased By: Allowable Adjustment*			2,290,160	(K)
Maximum Unassigned Fund Balance [(A11)+(K)]			$ 30,528,195	(M)

Detail of Allowable Adjustments

Impact Aid	$ -	(H)
Sale & Lease-back	$ -	(I)
Extraordinary Aid	$ 2,127,644	(J1)
Additional Nonpublic School Transportation Aid	$ 162,516	(J2)
Current Year School Bus Advertising Revenue Recognized	$ -	(J3)
Family Crisis Transportation Aid	$ -	(J4)
Supplemental Stablization Aid & Maintenance of Equity Aid	$ -	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 2,290,160	(K)

SECTION 2

Total General Fund - Fund Balances at June 30, 2025	$ 310,898,402	(C)
Decreased By:		
Assigned - Year-end Encumbrances	$ 33,898,005	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	$ -	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	$ 90,668,532	(C3)
Other Restricted/Reserved Fund Balances****	$ 28,082,456	(C4)
Assigned - Designated for Subsequent Year's Expenditures	$ -	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	$ 158,249,409	(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, 2025 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, 2025.
(N-2) Maintenance reserve minimum required under EFCFA.
(N-3) Tuition reserve at June 30, 2025.
(N-4) Emergency reserve at June 30, 2025.
(N-5) School bus fuel offset reserve - current year - June 30, 2025.
(N-6) School bus fuel offset reserve - prior year - June 30, 2025.
(N-7) Impact Aid general fund reserve at June 30, 2025.
(N-8) Impact Aid capital fund reserve at June 30, 2025.
(N-9) Unemployment Fund reserve at June 30, 2025.

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	$ -	
Sale/lease-back reserve	$ -	
Capital reserve (N-1)	$ 18,419,941	
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)	$ 9,662,515	
Other Restricted/Reserved Fund Balance not noted above****	$ -	
Total Other Restricted/Reserved Fund Balance	$ 28,082,456	(C4)

SECTION 3

Restricted Fund balance - Excess Surplus***[(U)-(M)] IF NEGATIVE ENTER-0	$ 127,721,214	(E)
Summary:		
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	$ 90,668,532	(C3)
Restricted Excess Surplus ***	127,721,214	(E)
Total [(C3) + (E)]	$ 218,389,746	(D)

Newark Board of Education
Audit Recommendations Summary
June 30, 2025

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

2025-001 – The District should 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

2025-002 - The District should 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 repeated. It is noted that corrective action was taken in some instances but not all.