

**Financial Accounting for
New Jersey School Districts
Charter Schools and
Renaissance School Projects**

The Audit Program

2024-25

**State Of New Jersey
Department of Education
Division of Finance and Business Services
PO Box 500
Trenton, New Jersey 08625-0500**

**Kevin Dehmer, Commissioner
State Board of Education**

**David Corso
Acting Assistant Commissioner
Division of Finance and Business Services**

State Board of Education

Board Member	County
Kathy A. Goldenberg, President	Burlington
Andrew J. Mulvihill, Vice President	Sussex
Arcelio Aponte	Middlesex
Mary Beth Berry	Hunterdon
Elaine Bobrove	Camden
Ronald K. Butcher	Gloucester
Jack Fornaro	Warren
Mary Bennett	Essex
Mary Elizabeth Gazi	Somerset
Nedd James Johnson, Ed. D.	Salem
Joseph Ricca, Jr., Ed.D.	Morris
Jeanette Pena	Hudson

Kevin Dehmer, **Commissioner**
Secretary, State Board of Education

The Audit Program

Table of Contents

Introduction

Section	Page
Significant Changes	ix
Other Changes/Updates for 2024-25	ix
Overview	xvii
Outline for Annual Comprehensive Financial Report (ACFR)	xxiii

Section I: General Compliance

Section	Page
Chapter 1 — Appointment, Scope and Declaration	I-1.1
Chapter 2 — Meetings and Minutes	I-2.1
Chapter 3 — ASSA, Charter School/Renaissance School Project Aid, SEMI & DRTRS	I-3.1
Chapter 4 — Budget & Transfers	I-4.1
Chapter 5 — Bids & Contracts/Purchasing	I-5.1
Chapter 6 — Chart of Accounts / Expenditure Classification	I-6.1
Chapter 7 — Reserved	I-7.1
Chapter 8 — Year End Procedures — Closing Out for GAAP	I-8.1

Section II: Specific Compliance

II-i

Governmental Funds

Fund 10 (General Fund):

Section	Page
Board Secretary and Treasurer Reports	II-10.1
Cash Reconciliation	II-10.2
Petty Cash Funds	II-10.2
Summer Payment Plans	II-10.2
SOC 1 Report/SSAE No. 16	II-10.3
Third Party Disbursements	II-10.3
Investments	II-10.4
Revenues and Receipts	II-10.6
Insurance Recoveries	II-10.7
Community Disaster Loans (CDL), Community Block Grants	II-10.8
Other FEMA Reimbursements	II-10.8
Extraordinary Aid	II-10.9

Section	Page
District Taxes	II-10.9
Tuition (<i>N.J.A.C. 6A:23A-17</i>)	II-10.10
Reporting On-Behalf Payments	II-10.11
GASBS No. 68 — Pension Reporting	II-10.13
GASBS No. 75 — Postemployment Benefits Other than Pensions	II-10.22
Compensation Reporting	II-10.26
Pensionable Wages	II-10.27
GASB No. 87- Leases	II-10.28
GASB No. 96, Subscription-Based Information Technology Arrangement (SBITA)	II-10.29
GASB No. 101 – Compensated Absences	II-10.30
Refunds	II-10.31
Telecommunications Act of 1996 (E-rate)	II-10.31
Cancellations	II-10.31
Travel Expenditures	II-10.31
Health Insurance Policies	II-10.32
P.L. 2020, c.44 Reporting	II-10.33
Health Insurance Withholding	II-10.34
Waiver Payments to School Employees	II-10.34
Payroll Agency and Section 125 Flexible Spending Accounts	II-10.35
Unemployment Trust Fund	II-10.35
Sale and Lease-back Contracts	II-10.36
Required Maintenance	II-10.36
Restricted Appropriations/Balances	II-10.37
Capital Reserve Account — General Fund	II-10.38
Excess Surplus	II-10.41
Fund Balance Classifications	II-10.43
Deficit Due to Delay of One or More June State Aid Payments	II-10.51

Fund 20 (Special Revenue Fund):

Section	Page
TPAF Reimbursement	II-20.1
TPAF Reimbursement for Districts Required to Use SBB	II-20.1
Student Activity Fund	II-20.3
Scholarship Fund	II-20.3
Organizations Under the Auspices of the School	II-20.3
Restricted State Aid	II-20.4
June State Aid Payments	II-20.4
Preschool Education Aid	II-20.4
Preparing the Preschool Restricted Aid Schedule	II-20.6

Fund 30 (Capital Projects Fund):

Section	Page
Capital Projects	II-30.1
Bond and Note Authorizations	II-30.1
Bond Anticipation Notes	II-30.2
General Borrowing Authority	II-30.2
Bond Sales and Capital Projects Fund Activities	II-30.4
Capital Project Approval under EFCFA	II-30.5
Unexpended Bond Proceeds	II-30.5
Unexpended Project Funds — Other Funding Sources	II-30.6
School Development Authority (SDA) Grants under EFCFA	II-30.6
Over expenditures	II-30.7
Rebatable Arbitrage	II-30.8
Secondary Market Disclosures	II-30.8
Lease Purchase Agreements	II-30.8
Financial Reporting	II-30.9
Capital Projects Fund Sample Schedule	II-30.11

Fund 40 (Debt Service Fund):

[Not Applicable to Charter Schools or Renaissance School Projects]

Section	Page
District Taxes	II-40.1
SDA Assessment	II-40.1
Debt Service Aid	II-40.1
Reporting	II-40.1
Transfers	II-40.2
Rebatable Arbitrage	II-40.2

Fund 50 (Permanent Fund)

Section	Page
GASBS 54 Model for Permanent Funds	II-50.1

Proprietary Funds

Fund 60 (Proprietary Fund):

Section	Page
Enterprise Funds	II-60.1
Food Service — Enterprise Fund	II-60.2
SSAE No. 16 Reports	II-60.5
Insurance Recoveries and Impairment Losses	II-60.6
Child Nutrition Program Requirements	II-60.6
Child Nutrition Program Requirements- CEP	II-60.17
National School Lunch Rate Schedule	II-60.25

Fund 70 (Internal Service Funds) II-70.1

Section	Page
Self-Insurance (Risk Financing)	II-70.2

Fiduciary Funds

Fund 80 (Trust Fund):

Section	Page
GASB Statement No. 84, Fiduciary Activities	II-80.1
Trust Fund Reporting	II-80.2
Section 457 Deferred Compensation Plan	II-80.2

Fund 90 (Custodial Fund)

Section	Page
Fund Raising in Schools by Outside Organizations	II-90.1
Funds of Teacher Organizations and Parent/Teacher Organizations	II-90.1
Funds Collected by Teachers from Pupils for Immediate Purchase of Items	II-90.1

Capital Assets

Section	Page
Overview	II-CA.1
Reporting Capital Assets	II-CA.1
Construction in Progress	II-CA.3
Reporting Capital Assets Acquired Through Non-cash Grants	II-CA.3
Sample Format — Capital Asset Subsidiary Ledger	II-CA.3
Depreciation Expense	II-CA.4

Long-Term Liabilities

Section	Page
Overview	II-LT.1
Compensated Absences	II-LT.2
Pension and Other Postemployment Benefits (OPEB)	II-LT.2
Early Retirement Incentive Program	II-LT.2
Termination Benefits	II-LT.3
Arbitrage Requirements	II-LT.3

Single Audit:

Section	Page
Federal Audit Requirements	II-SA.1
State Audit Requirements	II-SA.2
AICPA Single Audit Guidance	II-SA.3
Risk Based Approach	II-SA.5
Schedules of Expenditures of Federal Awards and State Financial Assistance	II-SA.8
Federal Awards: Carryover/Deferred Revenue/Due Back to Granter	II-SA.13
Title I-Schoolwide and Blended Resource Requirements	II-SA.17
Fund 15 — GAAP Basis Expenditure Testing	II-SA.18
Fund 15 — Blended Resource Testing	II-SA.19
Fund 15 — Budgetary Basis Encumbrance Testing	II-SA.19
State Awards: Carryover/Deferred Revenue/Due Back to Granter	II-SA.20
Preparing the Schedules of Expenditures of Federal Awards and State Financial Assistance	II-SA.21
Federal Program Numbers -Assistance Listing (AL)	II-SA.24
State Grant Account Numbers	II-SA.27
Sample Schedule A (Federal Award)	II-SA.29
Sample Schedule B (State Financial Assistance)	II-SA.30
Links to Grant-related DOE Broadcasts	II-SA.31
Sample Schedules of Findings and Questioned Costs	II-SA.32
Sample Summary Schedule of Prior Audit Findings	II-SA.37

[Uniform Grant Guidance](https://www.nj.gov/education/grants/resources/uniform/) (nj.gov/education/grants/resources/uniform/)

[State Circular Letter No. 25-12-OMB](https://www.nj.gov/infobank/circular/cir25-12-OMB.pdf) (https://www.nj.gov/infobank/circular/cir25-12-OMB.pdf)

Refer to Circular at the NJOMB web site:

[Circular Index: nj.gov/infobank/circular/](https://www.nj.gov/infobank/circular/)

Section III: Reporting

Section	Page
Chapter 1 — Audit Criterion and Submission	III-1.1
Chapter 2 — Sample Opinion Reports	III-2.1
Directives for Auditor's Reports	III-2.1
Component Units	III-2.1
Independent Auditor's Report	III-2.2
Chapter 3 — Note Disclosures and Statistical Section	III-3.1
Sample Notes for Schedules of Expenditures of Awards and Financial Assistance	III-3.2
Financial Statement Disclosures — Overview and Sample Notes	III-3.4
OPEB Liability	III-3.7

Section	Page
GASBS 34 Model Illustration of Reconciliation - Notes to Required Supplementary Information	III-3.17
Statistical Section	III-3.18
Outline of NJ Statistical Section (GASBS 44)	III-3.19
Chapter 4 — Auditor's Management Report (AMR)	III-4.1
Excess Surplus Calculation	III-4.34

Section	Page
Chapter 5 — Audit Summary	III-5.1
Chapter 6 — Admin. Questionnaire, Audit Prep. Checklist & Independent Auditor's Questionnaire	III-6.1
Chapter 7 — Synopsis ; Corrective Action Plan (CAP) ; Certification of Implementation	III-7.1

Introduction

Significant Changes for 2024-25

Updated the audit program to reflect GASB No. 101, Compensated Absences

Other Changes / Updates for 2024-25

The following is a summary of changes / updates:

(Changes for 2024-25 are highlighted in gray)

General changes are found throughout the document.

Specific changes are found in the following sections/chapters:

Introduction

No Changes.

Section I-1

No changes.

Section I-2

No changes.

Section I-3

Added that Schools participating in the Department of Agriculture's Community Eligibility Provision (CEP) must use the SY 2024-2025 School Meals and Summer EBT Application (for both Standard & CEP Schools/Sites), or direct certification to determine the low income status of students that are also classified as ML/LIEP instead of the Household Information Survey for reporting free/reduced lunch to the State. Students are not automatically reported as free lunch.

Section I-4

No changes.

Section I-5

No changes.

Section I-6

No changes.

Section I-7

No changes.

Section I-8

No changes.

Section II-10

- Added requirements for GASB Statement 101, Compensated Absences
- Updated link to the 2024-25 Extraordinary Aid memo.

Section II-20

- Updated the FICA and Medicare wage limits and percentages for 2024 and 2025.
- Clarified guidance related to TPAF reimbursement
- Updated reporting for Preschool Education Aid

Section II-30

No changes.

Section II-40

No changes.

Section II-50

No changes.

Section II-60

- Updated link to 2024-24 Net Cash Resource Schedule.
- Added that the School Meals and Summer EBT Applications is the only eligibility application in use for this school year. Also, the School Meals and Summer EBT Application now serves as a combined application to receive free or reduced price school meals and to receive Summer EBT benefits.
- Updated the income level for the Working Class Families' Anti-Hunger Act with an annual household income between 186 and 224 percent of the federal poverty level to receive breakfast and lunch meals free of cost to the household.
- Added that beginning July 15, 2024, Medicaid data was also used as an additional program source to identify eligible school age children and certify them to receive either free or reduced price meal benefits. Refer to the May 8, 2024 memo Direct Certification with Medicaid Demonstration Project Information and Webinar Date.
- Updated Reimbursement rates for school lunch program.

Section II-70

No changes.

Section II-80

No changes.

Section II-90

No changes.

Section II -CA

No changes.

Section II-LT

No Changes.

Section II-SA

- Added that Uniform Guidance (the 2024 Update) is effective starting October 1, 2024 and some of the notable changes.
- Added that new NJ Circular 25-12 OMB provides an updated threshold for single audit
- Updated the Assistance Listing, the Federal Award Identification and state grant numbers.
- Updated the links to Department of Education Broadcast Notification related to grant awards.
- Updated links to the Schedules of State and Federal Financial Assistance.

Section III-1

No changes

Section III-2

No changes.

Section III-3

Updated link to Charter School and Renaissance School Project Performance Indicators.

Section III-4

- Updated link to Schedule of Meal Count Activity.
- Updated link to ASSA Schedule.
- Updated link to Charter School and Renaissance School Project Schedule of Audited Enrollments.

Section III-5

No changes.

Section III-6

Updated the audited statewide average legal cost for year ending 6/30/24 per the 2024 Taxpayers' Guide to Education Spending.

Section III-7

No changes.

Overview

Financial Accounting for New Jersey School Districts/Charter Schools/Renaissance School Projects (*The Audit Program*) is updated annually and includes instructions for both district/charter school/renaissance school project personnel and public school accountants regarding preparing for and performing the annual audit. The full text of *The Audit Program* is available on the [Fiscal Policy and Planning: Audit Information](#) webpage.

The *Annual Comprehensive Financial Report* (ACFR) is the basis for the annual audit. New Jersey state law and administrative code (*N.J.S.A.* 18A:4-14 and *N.J.A.C.* 6A:23A-16) require school districts/charter schools/renaissance school projects to follow generally accepted accounting principles (GAAP). These principles are augmented with the release of statements from the Governmental Accounting Standards Board (GASB). The Outline for Annual Comprehensive Financial Report (ACFR) section at the end of this introduction provides additional information on the ACFR.

Renaissance School Projects- as amended by P.L. 2014, c.61, *N.J.S.A.* 18A:36C-7h provides that a nonprofit entity shall operate a renaissance school project “in accordance with the contract entered into pursuant to section 6 of this act, the provisions of this act, and the laws and regulations that govern charter schools which are not inconsistent with this act.” Accordingly, in this Audit Program, unless specifically noted, “charter schools” shall also refer to “renaissance school project”.

Guidance unique or specific to districts that are required to use school-based budgeting (SBB) is included in the applicable sections of this Audit Program as follows:

Description	Section-Chapter	Rationale
Refer to website for guidance on ACFR schedules specific to districts required to use school-based budgeting	Intro-xxiv	Districts required to use school-based budgeting must prepare schedules reporting activity and balances in fund 15, the subfund used for school level accounting and reporting.
Excess surplus calculation modification for expenditures allocated to restricted federal resources and capital leases with blended funds	II-10	Fund 15 expenditures blended with federal must be allocated to state and local.
TPAF and FICA Reimbursement Calculation for SBB districts	II-20	The blending of federal, state and local funds in the school-based budgets recorded in Fund 15 necessitates a calculation of the salary amounts paid in Fund 15, which are attributable to federal sources.

Description	Section-Chapter	Rationale
Schoolwide Programs description and compliance	II-SA	Expanded explanation of schoolwide programs as related to Title I and how these are treated for preparation of the Schedule of Federal Expenditures
Blended resources and computing Type A and Type B programs	II-SA	Expenditures incurred in schoolwide programs must be included in the total expenditures of the program contributing the funds when determining Type A and Type B programs for Single Audit testing.

Reference Materials

Reference materials published by outside organizations are available to provide guidance in report preparation. The Government Finance Officers Association (GFOA) publishes *Governmental Accounting, Auditing and Financial Reporting*, commonly known as the "blue book" that is used nationwide as a reference tool for ACFR preparation. The American Institute of Certified Public Accountants (AICPA) issues *Checklist and Illustrative Financial Statements for State and Local Governmental Units* that is a recommended reference for disclosure requirements. The Association of School Business Officials International offers a Certificate of Excellence in Financial Reporting by School Systems Program that awards certificates to those annual reports that fully meet the requirements established by GAAP and publishes a self-evaluation worksheet that may also be used as a tool in report preparation.

Responsibility/Government Auditing Standards

N.J.A.C. 6A:23A-16.2(i) requires the issuance of an ACFR by every school district/charter school/renaissance school project, along with interim financial statements to facilitate management control of financial operations. *N.J.S.A.* 18A:6-100 g. requires the board of an Educational Information and Resource Center to have performed an annual audit of the center's accounts and financial transactions in the manner provided by *N.J.S.A.* 18A:23-1 et. seq. Financial statements are the responsibility of the board of education's/board of trustee's/board of director's management and are its representation of the financial position at a given point in time and the operations of the district/charter school/renaissance school project during a period of time.

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (may be referred to as the *Uniform Administrative Requirements* throughout this Audit Program) is available on the U.S. Government Publishing Office "[Electronic Code of Federal Regulations](#)" website.

Federal Requirements:

The federal Single Audit Act requires organizations that expend \$1,000,000 or more in federal financial assistance have an audit (single audit or program specific audit) conducted in accordance with 2 CFR Part 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Administrative Requirements)* Subpart F — Audit Requirements (200.501).

State Requirements:

NJ Circular Letter 25-012-OMB specifies the State single audit threshold for the expenditure of State of New Jersey financial assistance is \$1,000,000. Section III (Policy) of NJ Circular Letter 25-12-OMB provides that New Jersey school districts/charter schools/renaissance school projects/educational resource and information centers that expend \$1,000,000 or more in State *or* federal financial assistance in the fiscal year under audit must have a single audit, or program specific audit, performed in accordance with 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards [NJ OMB Super Circular](#) is available on the [Treasury OMB](#) website.

NJ Circular Letter 25-12-OMB specifies that recipients of federal grant, State grant or State aid funds that expend less than \$1,000,000 in federal **or** State financial assistance but expend \$100,000 or more in State **and/or** federal financial assistance within the fiscal year, must have either a financial statement audit performed in accordance with *Government Auditing Standards March 2024 Revision*, (Yellow Book), or a program specific audit performed in accordance with 2 CFR 200 the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* Subpart F — Audit Requirements, and State policy.

[Governmental Accounting Guide 2018 Revision](#) (GAGAS) is available through the website: <https://www.gao.gov/products/GAO-18-568G>

Submission/Reporting Package

The Department of Education requires the submission of the reports described below on or before the statutory deadline. The *statutory* submission date is the fifth day after five months (*N.J.S.A. 18A:23-1*) after the end of the school fiscal year. Accordingly, the deadline for submission of June 30, 2025 audits is December 5, 2025. The Commissioner has statutory authority (*N.J.S.A. 18A:23-6*) to appoint auditors for districts/charter schools/renaissance school projects failing to meet the statutory due date or invoke other administrative actions but the Commissioner does not have discretion to change a statutory requirement, such as the due date. *N.J.S.A. 18A:7A-55* includes late submission of the annual audit as one of the conditions for appointment of a state monitor.

The ACFR

The ACFR is the school district, charter school, or renaissance school project official annual report. It should include all funds of the district/charter school/renaissance school project. It is organized into three primary sections:

- 1) an introductory section,
- 2) a financial section, and
- 3) statistical section.

If a school district, or charter school, or renaissance school project, falls under the reporting requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and/or the reporting requirements under NJOMB Treasury Circular Letter or 15-08, the ACFR will also contain a single audit section. The ACFR will strictly adhere to the Outline of the ACFR located at the end of this introduction. The report must include all sections, letters and exhibits in the applicable sample ACFR as they apply to each school district, charter school, or renaissance school project as well as any additional statements, schedules, and disclosures required under the circumstances of the school district, charter school, or renaissance school project. The report must also include all applicable single audit opinion letters prepared by the local school district, charter school, or renaissance school project auditor in the single audit section. Links to sample single audit letters and New Jersey specific reference are provided in Section III — Chapter 2 of *The Audit Program*.

The Auditor's Management Report on Administrative Findings, Financial, Compliance and Performance (AMR)

This separate report will serve as the auditor's report to management. This report must be submitted together with the ACFR to the Department of Education in order to comply with *N.J.S.A.* 18A:23-9 and Finance Policy Bulletin 200-1. A sample Auditor's Management Report is located in Section III — Chapter 4.

Audit Summary (Audsum)

The Audit Summary (Audsum) is an electronic submission of audited data. Audsum is completed through a web application available (anticipated availability September 2024) to auditors through the [DOE Audsum](https://nj.gov/education/fpp/audit/audsum/) webpage: nj.gov/education/fpp/audit/audsum/ and to schools through [NJDOE Homeroom](#). First-time-user auditors must create a user name and password in order to complete their registration with the Audsum web application. For control purposes, the department recommends that each auditor/user within the audit firm obtain a unique user name and password. If you need to be sent a reminder of your user name and/or password, or change your user name and/or password, please send a request to the Audsum email at: audsum@doe.nj.gov. User names and passwords will remain active until the auditor requests removal through an email request to audsum@doe.nj.gov. School auditors must **annually** request a PIN for each of their school audit clients by emailing a PIN request to: audsum@doe.nj.gov.

The auditor/user must then link the DOE assigned district PIN for the audit year to their user name and password in order to access Audsum screens for a school client. The auditor is responsible for the entry of data into electronic Audsum and the board secretary/business administrator is responsible for carefully reviewing the reports generated by Audsum. The school auditor and the board secretary/business administrator are required to indicate their respective approval of the Audsum data through the electronic signature process available on the web application using the Data Finalize and Certify screen. The school's board secretary/business administrator is responsible for the transmission of the Audsum data via the web application to the Department of Education no later than the ACFR due date (December 5, 2024). This information is used by the Department of Education for a variety of purposes, including downloading into the actual column of the school budget software maintained by the department. **It is very important that auditors and district personnel pay particular attention to the accuracy of the data to avoid having to resubmit the data. If data is resubmitted due to an error in the ACFR, revised pages of the ACFR must be sent.**

Transmission of the reporting package to the OFAC ACFR Repository is mandatory for year end June 30, 2024. The OFAC ACFR Repository may be accessed through [NJDOE Homeroom](https://homeroom.state.nj.us/) at homeroom.state.nj.us/. The procedure for submission of the ACFR and the AMR was adopted by the Department of Education to conform to the common practice for ACFR presentation followed by other school districts throughout the country. The two reports have separate, distinct purposes. The ACFR is the financial report presented to the board for conformance with GAAP. The AMR is the auditor's report to the board of education/board of Trustees/Board of Directors of his/her findings and recommendations as a result of the audit. In accordance with the *Uniform Administrative Requirements* the ACFR will also be submitted to the Federal Audit Clearinghouse as part of the reporting package along with the Data Collection form (SF-SAC) whenever a federal single audit of the school district, charter school, or renaissance school project is required. In conformity with the federal due date, the Federal Data Collection Form (SF-SAC) may be submitted to the New Jersey Department of Education within 30 days after the audit report is filed with the district board of education, charter school/renaissance school project board of trustees. Accordingly, associated audit items and the upload of audit files transmitted to the OFAC ACFR Repository may be submitted on time without including the archived copy of the SF-SAC. **When available, and in accordance with the federal due date, the archived copy of the SF-SAC must be uploaded to the OFAC ACFR Repository.**

The OMB requires all PDF uploads of the reporting package submitted to the Federal Audit Clearinghouse to be **text-searchable, unlocked and unencrypted**. Information about the federal submission requirements can be found at facweb.census.gov/. Consistent with the submission requirements established by the Federal Audit Clearinghouse (FAC), New Jersey also requires **all** audit file submissions to the ACFR repository be **unlocked, unencrypted, text-searchable** PDF files with standard audit finding reference numbers in sequential format (e.g. 2024-001 through 2024-999).

The *Uniform Administrative Requirements* and NJOMB Circular Letter 25-12-OMB require that the Schedule of Findings and Questioned Costs contain, but not be limited to, significant deficiencies in internal control over major programs, material non-compliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program, and known questioned costs which meet the threshold as defined in *Uniform Administrative Requirements* (Subpart F 200.516). *N.J.S.A.* 18A:23-9 states that the auditor "...report any error, omission, irregularity, violation of law, together with recommendations, to the board of education of each school district." Accordingly, the Auditor's Management Report (AMR) must include **all** findings, including any items contained in the Schedule of Findings and Questioned Costs and the Legal or Regulatory Requirements section of the Auditor's Report.

Outline for Annual Comprehensive Financial Report (ACFR)

New Jersey statute (*N.J.S.A.18A:4-14*) requires a school district, charter school, or renaissance school project maintain bookkeeping consistent with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB). The financial reporting requirements of GAAP include the issuance of an ACFR.

The financial statements are the responsibility of the school's management (board of education, board of trustees, board of directors). AU-C Section 220 of the *Clarified Statements on Auditing Standards* issued by the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA) addresses auditor independence as part of quality control for an engagement conducted in accordance with generally accepted auditing standards. General Accounting Office (GAO).

[Governmental Auditing Standards 2018 Revision \(Yellow Book\)\(GAGAS\)](https://www.gao.gov/products/gao-18-568g) is available through the website: <https://www.gao.gov/products/gao-18-568g>. Paragraphs 3.02 through 3.59 contain the independence standards that comprise the [Generally Accepted Governmental Auditing Standards \(GAGAS\)](http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-C-00220.pdf). Paragraph 3.40 addresses non-audit activities such as financial statement preparation, modified accrual to accrual conversions, and other non-audit services provided to an audit client. Those non-audit activities must be evaluated using the conceptual framework provided in paragraph 3.46. (<http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-C-00220.pdf>)

Financial statement preparers of school district, charter school, or renaissance school project financial reports should reference the NJ Department of Education [ACFR website](#) (click on ACFR) for selected sample statements and schedules, including the basic financial statements and budgetary comparisons which are in excel files that can be downloaded by school staff. Please be aware that those illustrations may not be in conformity with recent pronouncements and statements issued by GASB. Information on Management Discussion and Analysis (MD&A) requirements and guidance on financial reporting for school districts required to use school-based budgeting are also available at that web site to assist auditors and district staff. **The illustrative statements and schedules are not intended to be boilerplate nor inclusive of every situation.**

The NJDOE requires that each governmental fund be treated as a major fund in the fund statements for GASBS 34 presentation. Questions relating to the preparation of NJ school ACFRs may be emailed to doe.acfr@doe.nj.gov.

The format of the ACFR should adhere to the Outline and numbering of the exhibits as shown on the following pages. If a section or exhibit is not applicable to the school district, charter school, renaissance school project the notation "N/A" should be indicated against that item in the Table of Contents.

Auditor's Note — Auditors should refer to the ACFR website <http://www.nj.gov/education/finance/fp/acfr/> for guidance on schedules that specifically relate to districts that are required to use school-based budgeting.

The ACFR includes the Introduction, Financial, Statistical, and Single Audit Sections. The contents of each section are as follows:

Introductory Section

Although not required by GAAP, this section is used by the GFOA “Blue Book” and is intended to familiarize the reader with the organizational structure of the school district/charter school/ renaissance school project and information useful to the reader to evaluate the district’s/charter school’s financial condition. It is important that the letter of transmittal avoid duplicating information already provided in detail elsewhere in the ACFR.

Financial Section

This section includes the:

- 1) independent auditor’s report,
- 2) Management's Discussion and Analysis (MD&A),
- 3) basic financial statements including the school district, charter school, or renaissance school project -wide statements (accrual basis for governmental and business-type activities), fund statements (modified accrual basis for governmental funds, accrual basis for proprietary funds and for fiduciary funds), and notes to financial statements,
- 4) Required Supplementary Information (RSI) other than MD&A including budgetary comparison schedules, and
- 5) Other Supplementary Information including combining and individual fund statements, and additional schedules. Certain combining schedules may not be applicable. For example, if a school district has only two programs in the Proprietary Fund, a combining schedule would not be necessary. The School Level Schedules (D series in the Outline) should only be included for school districts that are required to use school-based budgeting. Indicate by “N/A” when a schedule is not applicable.

Statistical Section

This section is intended to provide ACFR users with a broader and complete understanding of the school district, charter school, or renaissance school project and its financial matters than is possible from the financial statements and supporting schedules included in the financial section. Sample schedules under GASB Statement No. 44 (GASBS 44) and guidance for preparing the schedules can be found on the NJDOE ACFR website at nj.gov/education/finance/fp/acfr/ (click on ACFR). The Outline of the ACFR reflects these revisions. Statistical information to assist school auditors in preparing this section is posted on that the department’s web site (click on Audit Information, and then 2023-24 Audit Program).

The Performance Framework sets the academic, organizational and fiscal standards by which all New Jersey charter schools will be evaluated, informing the Department of Education and individual school officials about school performance and sustainability. Charter schools are required to calculate and report financial performance indicators in the statistical data section of the ACFR (refer to page III-3.18 of this Audit Program).

The Financial Performance Framework section was designed as a starting point for the NJDOE to assess the financial health and viability of charter schools in New Jersey. The Framework, containing both near term and sustainability indicators, is a monitoring tool that provides the NJDOE with key data that summarizes a charter school's current financial health, while taking into account the school's financial trends over a period of three years. Near term indicators provide an understanding of a school's financial picture in the upcoming school year, while sustainability indicators depict a school's financial viability over time. In total, eight different measures provide a snapshot of a school's near term financial health, historic trends, and future viability; this allows the NJDOE to proactively address areas of concern. The [Performance Framework](http://nj.gov/education/chartsch/accountability/framework.shtml) (nj.gov/education/chartsch/accountability/framework.shtml) can be accessed at the NJDOE web site.

Single Audit Section

This section includes independent auditor's reports on compliance and internal control, schedules of expenditures for federal and state grants, notes to the schedules of expenditures of federal and state grants, schedule of findings and questioned costs, and a summary schedule of prior audit findings. This information is required by the *Uniform Administrative Requirements* and New Jersey OMB Circular Letter 25-12-OMB.

Outline of ACFR

Introductory Section

- Letter of Transmittal
- Organizational Chart
- Roster of Officials
- Consultants and Advisors

Financial Section

Independent Auditor's Report

Required Supplementary Information — Part I Management's Discussion and Analysis

Basic Financial Statements

- A. District/Charter School/Renaissance School Project-Wide Financial Statements:
- A-1 Statement of Net Position
 - A-2 Statement of Activities
- B. Fund Financial Statements:
- Governmental Funds:
- B-1 Balance Sheet
 - B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances
 - B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Proprietary Funds:
- B-4 Statement of Net Position
 - B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position
 - B-6 Statement of Cash Flows
- Fiduciary Funds: **(if applicable)**
- B-7 Statement of Fiduciary Net Position
 - B-8 Statement of Changes in Fiduciary Net Position

Notes to the Financial Statements

Required Supplementary Information — Part II

- C. Budgetary Comparison Schedules:
- C-1 Budgetary Comparison Schedule — General Fund
 - C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual **(if applicable)**
 - C-1b Community Development Block Grant— Budget and Actual **(if applicable)**
 - C-2 Budgetary Comparison Schedule — Special Revenue Fund

Notes to the Required Supplementary Information- Part II

C-3 Budget-to-GAAP Reconciliation

Required Supplementary Information — Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

- L-1 Schedule of the District's Proportionate Share of the Net Pension Liability —PERS
- L-2 Schedule of District Contributions — PERS
- L-3 Schedule of the District's Proportionate Share of the Net Pension Liability — TPAF
- L-4 Schedule of the School District's Contribution Teachers' Pension and Annuity Fund (TPAF) N/A
- L-5 Notes to Required Supplementary Information

M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions

M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios

Other Supplementary Information

D. School Based Budget Schedules (if applicable):

- D-1 Combining Balance Sheet
- D-2 Blended Resource Fund — Schedule of Expenditures Allocated by Resource Type — Actual
- D-3 Blended Resource Fund — Schedule of Blended Expenditures — Budget and Actual

E. Special Revenue Fund:

- E-1 Combining Schedule of Program Revenues and Expenditures — Budgetary Basis (includes Student Activity and Scholarship Funds)
- E-2 Preschool Education Aid — Budgetary Basis

F. Capital Projects Fund:

- F-1 Summary Schedule of Project Expenditures
- F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance — Budgetary Basis
- F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status — Budgetary Basis

G. Proprietary Funds:

Enterprise Fund:

- G-1 Combining Schedule of Net Position
- G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
- G-3 Combining Schedule of Cash Flows

Internal Service Fund:

- G-4 Combining Schedule of Net Position
- G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
- G-6 Combining Schedule of Cash Flows

H. Fiduciary Funds: **(if applicable)**

- H-1 Combining Statement of Fiduciary Net Position
- H-2 Combining Statement of Changes in Fiduciary Net Position

I. Long-Term Debt:

- I-1 Schedule of Serial Bonds - N/A to Charter/Renaissance Schools
- I-2 Schedule of Obligations under Capital Leases
- I-3 Debt Service Fund Budgetary Comparison Schedule
- I-4 Schedule of Obligations Subscription-Based Information Technology Arrangements

Statistical Section (Unaudited)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets by Component
- J-2 Changes in Net Assets/Net Position
- J-3 Fund Balances — Governmental Funds
- J-4 Changes in Fund Balances — Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity—N/A to Charter/Renaissance Schools

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers*
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding- **N/A to Charter/Renaissance Schools**
- J-12 Direct and Overlapping Governmental Activities Debt- **N/A to Charter/Renaissance**
- J-13 Legal Debt Margin Information- **N/A to Charter/Renaissance Schools**

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District/Charter School/Renaissance school Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information
- J-19 Schedule of Required Maintenance Expenditures by School Facility
- J-20 Insurance Schedule
- J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios, Renaissance School Project Framework, Financial Performance, Fiscal Ratios

*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

Single Audit Section

- K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04
- K-3 Schedule of Expenditures of Federal Awards, Schedule A
- K-4 Schedule of Expenditures of State Financial Assistance, Schedule B
- K-5 Notes to the Schedules of Awards and Financial Assistance
- K-6 Schedule of Findings and Questioned Costs
 - Section I - Summary of Auditor's Results
 - Section II - Financial Statement Findings
 - Section III- Federal Awards and State Financial Assistance Findings and Questioned Costs
- K-7 Summary Schedule of Prior Audit Findings