



**NEWARK PUBLIC SCHOOLS
COUNTY OF ESSEX, NEW JERSEY
MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2015



NEWARK PUBLIC SCHOOLS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Independent Auditors' Report

Honorable President and Members
of the Board of Education
Newark Public Schools
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 Board of Education of the Newark Public Schools, in the County of Essex, for the year ended June 30, 2015, and have issued our report thereon dated December 21, 2015.

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 Public School's management and Advisory Board members and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

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December 21, 2015
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**Newark Public Schools
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

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

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

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

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

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. No adjustment 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.

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 Advisory Board Finance Committee.

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Administrative Findings-Financial,
Compliance and Performance

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholding due to the general fund.

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

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

The following items were identified relating to payroll and human resources testing procedures:

Finding 2015-002

Finding:

In accordance with the District's internal policy regarding record retention, each employee is required to complete various documents that the District maintains in the respective employee's personnel files. During our audit procedures over the payroll / human resource processes, we reviewed several employee personnel files and identified the following:

- In six instances, the employee's personnel file did not contain a copy of the employees completed I-9 Form (Employment Eligibility Verification). In addition to District policy, this form is required by the Department of Homeland Security to be completed and is required to be retained for three years after the date of hire or one year after the date employment ends, whichever is later.
- One instance was identified where the District could not provide a personnel file or any of the required documents for employees of the District.

Recommendation:

We suggest the District strengthen its procedures relating to the maintenance of employee records to ensure all required employee personnel documents are properly maintained by the District. The District should develop a standardized checklist that includes all required forms that are to be included in each employee file and require a sign off documenting a complete file.

Finding 2015-003

Finding:

The District did not follow internal policies and procedures with respect to the removal of terminated employees from the monthly health benefit billings. During our testing of the District's June 2015 health benefits invoices, we noted the District incurred costs for twenty-nine former employees that were no longer eligible for District health coverage. Upon further review, we identified that the terminated employees received medical coverage for several months after their departure from the District that were paid for by the District that should have been avoided. The District had previously identified 25 of the twenty-nine employees and had begun procedures in order to remove the

Newark Public Schools
Administrative Findings-Financial,
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employees from the plan, however, they had already incurred costs for medical coverage for several months at the time of removal.

Recommendation:

We suggest the District strengthen its internal controls relating to the timely removal of employees from the District's health insurance coverage to ensure the District is not charged for ineligible health benefits at the time of the employee's separation from the District.

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 payables and open purchase orders and made entries to properly classify the account balances. Our testing identified the following:

Finding 2015-004

Finding:

Several instances were identified where the District did not issue a purchase order prior to goods being received or services being rendered (confirming order). District policy and State regulations require that a properly executed purchase order be issued prior to the purchase of goods or the rendering of services. The majority of the items selected for testing did have contracts in place prior to the date of the invoice.

Recommendation:

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly and haphazardly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selected targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0.0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

Our review of financial and accounting records maintained by the Board Secretary did not identify any exceptions. However, the following was noted:

**Newark Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Finding 2015-005

Finding:

During our testing of legal expenses, we noted the District's annual legal costs exceeded 130 percent of the statewide average per pupil.

Recommendation:

We suggest the District follow the requirements of N.J.A.C. 6A:23A-5.2 that requires school districts to establish policies setting forth strategies to minimize the costs of legal services that exceed 130 percent of the statewide average.

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 Fiduciary Fund. No exceptions were noted.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act of (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001 (NCLB).

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the Comprehensive Annual Financial Report (CAFR). This section of the CAFR documents the financial position pertaining to the projects under NCLB.

The study of compliance for E.S.E.A./N.C.L.B. did not identify any exceptions.

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 CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**Newark Public Schools
Administrative Findings-Financial,
Compliance and Performance**

The study of compliance for the special projects indicated the following areas of noncompliance:

Finding 2015-001

Instance of Noncompliance

Head Start (CFDA #93.600)

Criteria: In accordance with Federal OMB Circular A-133 and the OMB Compliance Supplement, the District is required to expend awards for allowable activities and that the costs of goods and services charged to federal grants are allowable and in accordance with the applicable compliance requirements.

Statement of Condition: During our testing of the Head Start Program, we identified the District used predetermined allocations based on an original budget for personnel costs charged to the program. Specifically, the District calculated program expenditures to this Federal grant based on predetermined allocations of time rather than on actual time spent on this Federal program and did not adjust the allocations on a monthly basis based on actual enrollment by classroom.

Questioned Costs: Because the District used predetermined percentages to allocate personnel costs, we were unable to quantify any questioned costs related to personnel costs charged to the Head Start grant. Although the allowable percentage may not be significantly different from the percentages used, information was not provided to determine the actual allocation.

Context: During our testing of Federal grant compliance, we selected a sample of payroll and non-payroll related charges, based on the composition of the types of expenditures charged to each major program. For each payroll related charge selected, we requested the District to provide us with support of the payroll charge to the grant. Per Attachment B to OMB Circular A-87, *Selected Items of Cost*, Paragraph 8.h.(4) requires personnel activity reports or equivalent documentation for employees that work on multiple activities. Additionally, Paragraph 8.h.(5) lists the required elements for personnel activity reports which includes reflecting an after-the-fact distribution of the actual activity of each employee, accounting for the total activity for which each employee is compensated, monthly preparation that coincides with one or more pay period, and employee signature. The appendix also specifies that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to a Federal award. The support the District provided did not meet the requirements listed above. Instead, the District required that all employees submit monthly timesheets, and allocated the costs using budgeted enrollment ratios, regardless of actual enrollment at the employee's individual location. Our review of monthly timesheets for forty sampled employees indicated that the District's standard form used for reporting employee activity met only three of the four standards for personnel activity reporting. The timesheets accounted for the total activity for which each employee was compensated; were prepared at least monthly and coincided with the monthly pay period; and were signed by the employee. However, the District's documentation did not "reflect an after-the-fact distribution of the actual activity of each employee," as Paragraph 8.h.(5)(a) requires. Although the District's standardized monthly timesheets were designed to allow for recording of actual time and effort for each funding source, employees reported their time based on predetermined allocation percentages.

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Administrative Findings-Financial,
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After comparing the monthly timesheets allocations between funding sources, we concluded that the allocation percentages used on the timesheets matched the allocations on the District's Head Start budget submission. Of the forty personnel activity reports provided, seven were not signed by the employee.

Cause and Effect: Violations of grant requirements could lead to a potential reduction in funding or return of funds.

Recommendation: We suggest the District determine the most appropriate approach to account for personnel costs, including consideration of alternate methods allowed for under OMB Circular A-87 and make all necessary adjustments for personnel costs that have been charged to the Head Start grant in the current fiscal year that do not meet the requirements.

Finding 2015-006

Finding:

The District did not follow internal policies and procedures with respect to maintaining child Head Start eligibility records. During our testing of the District's eligibility verification, we noted the District did not maintain proper records denoting the child was eligible for the Head Start Program. The District maintained income verification forms for each child tested, however we noted that several were not signed by Head Start personnel denoting review of proof of income and the District did not have any proof of income information on file. During the 2015 fiscal year the District was not required to maintain the proof of income documentation per grant requirements. However, it is noted that the Head Start program grant requirements have changed and the District will be required to maintain such documentation beginning in fiscal year 2016. Additionally, the District was unable to provide one file out of our forty selections.

Recommendation:

We suggest the District strengthen its procedures relating to the maintenance of Head Start enrollment records to ensure all required eligibility documents are properly maintained by the District. The District should develop a standardized checklist that includes all required forms that are to be included in each child's file and require a sign off documenting a complete file.

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 (or charter school or renaissance school project) for those employees whose

**Newark Public Schools
Administrative Findings-Financial,
Compliance and Performance**

salaries are identified as being paid from federal funds was made prior to the end of the 60 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

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$36,000 with a Qualified Purchasing Agent and \$26,000 without a Qualified Purchasing Agent, respectively. The law regulating bidding for public school transportation contracts under *N.J.S.A. 18A:39-3* is \$18,300 for 2014-15.

The Newark Public Schools 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*, as amended.

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

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed on a test basis and appear to be maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

The cash receipts and bank records were reviewed on a test basis for timely deposits without exception.

The District utilizes a food service management company (FSMC's) for its schools and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and *19-1* through *19-4.1*. Provisions of the FSMC's contracts / addendums were reviewed and audited. The FSMC's contracts include operating results provisions which guarantee that the food service program would generate a profit during the 2015 fiscal year. These provisions have not been met and the District is currently working with its third party vendor to determine the amount owed back to the District.

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Expenses were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test check basis. Inventory records on food supply items were currently being maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenses 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.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner. No exceptions were noted.

Timesheets were reviewed and labor costs verified on a test basis. Payroll records were maintained on all School Food Service employees authorized by the District and employees of the third party vendor. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy on a test check basis. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

USDA Food Donation program commodities were received and a single inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the CAFR.

Student Body Activities

During our audit of the student activity funds, we did not identify any exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 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.

**Newark Public Schools
Administrative Findings-Financial,
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Finding 2015-007

Finding:

During our review of the District's A.S.S.A., the following was identified:

- During our verification of the amounts reported on the ASSA with District internal workpapers, the following was noted:
 - The total number of students reported on the ASSA as on-roll was over-reported by 77 students.
 - The total number of students reported on the ASSA as receiving low income services was over-reported by 46 students.
 - The total number of students reported on the ASSA as receiving bilingual services was over-reported by 477 student.
- Based on testing of students reported as attending private schools for the disabled, the District under-reported the number of students attending private schools by 25 students. Based on testing results, there were 3 students that were reported on the ASSA that were not actually in attendance at the reported school on October 15, 2014. However the District had executed tuition contracts and valid October 2014 bills for each student. The District was unable to provide documentation they were reimbursed for any billings by the private school. Additionally, the District was unable to provide executed tuition contracts for 3 students, valid October tuition bills for 1 student, and Individualized Education Plans for 1 student.
- The District misreported one student as receiving bilingual services that was not receiving the services on October 15, 2015. The student was enrolled subsequent to the submission date.

Recommendation:

We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA report are properly supported and payments not be made to outside private school providers without having an executed tuition contract and ensuring that the student is the responsibility of the Newark Public Schools.

Pupil Transportation

Our audit procedures included a test of on-roll status as reported in the 2014-15 District Report of Transported Resident Students ("DRTRS"). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with the following exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review on a test check basis of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts relating to transportation. The District did not purchase any buses during the 2015 fiscal year.

**Newark Public Schools
Administrative Findings-Financial,
Compliance and Performance**

Finding 2015-008

Finding:

During our testing of the District's DRTRS, the following was identified:

- 1) 89 special education students with special needs were improperly reported on the DRTRS as special education students without special needs.
- 2) The District was unable to provide support verifying six private and/or transported non-public student were eligible for transportation.

Recommendation:

We suggest that the District strengthen procedures to ensure that all students reported on the DRTRS can be traced to the school class registers / charter school applications, and that all students are included under the appropriate categories on the DRTRS.

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.

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.

- Various required employee documents were not maintained in the employee personnel files.
- Terminated employees were not timely removed from the District's health benefits system.
- Purchase orders not always being approved prior to goods being received or services being rendered (confirming orders).
- Legal costs exceeded 130 percent of the statewide average per pupil
- Findings related to the District's Application for State School Aid and District Report of Transported Resident Students.

During the 2015 fiscal year, the Office of Fiscal Accountability and Compliance (OFAC) completed a review of District Overtime. The District completed and submitted the required corrective action plan, which was accepted by OFAC. The District also posted this report on its website as required.

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.

SCHEDULE OF MEAL COUNT ACTIVITY

NEWARK PUBLIC SCHOOLS

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular Rate)	Paid	827,249	827,249	827,249	-	\$ 0.30	
National School Lunch (Regular Rate)	Reduced	104,524	104,524	104,524	-	2.60	
National School Lunch (Regular Rate)	Free	3,268,587	3,268,587	3,268,587	-	3.00	
	TOTAL	4,200,360	4,200,360	4,200,360			-
National School Lunch (Severe Needs)	Seamless Summer Option	-	-	-	-	3.000	-
School Breakfast (Regular Rate)	Paid	8,573	8,573	8,573	-	0.280	-
	Reduced	460	460	460	-	1.320	-
	Free	11,034	11,034	11,034	-	1.620	-
	TOTAL	20,067	20,067	20,067			-
School Breakfast (Severe Needs)	Paid	830,795	830,795	830,795	-	0.280	
	Reduced	136,515	136,515	136,515	-	1.630	
	Free	2,890,821	2,890,821	2,890,821	-	1.930	
	TOTAL	3,858,131	3,858,131	3,858,131			-
School Breakfast (Severe Needs)	Seamless Summer Option	-	-	-	-	1.930	-
After School Snacks	Free (Area Eligible)	64,189	64,189	64,189	-	0.820	-
Total Net (Over) Under Claim							-

SCHEDULE OF MEAL COUNT ACTIVITY

NEWARK PUBLIC SCHOOLS

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	827,249	827,249	827,249	-	\$ 0.400	-
State Reimbursement - National School Lunch (Regular Rate)	Reduced	104,524	104,524	104,524	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	3,268,587	3,268,587	3,268,587	-	0.055	-
	TOTAL	4,200,360	4,200,360	4,200,360	-		-
Total Net (Over) Under Claim							-

NET CASH RESOURCE SCHEDULE

NEWARK PUBLIC SCHOOLS

Net cash resources did/did not exceed three months of expenditures
 Proprietary Funds - Food Service
 Year ended June 30, 2015

<u>Net Cash Resources:</u>			Food Service B - 4/5	
CAFR	Current Assets			
B-4	Cash & Cash Equiv.	\$	842,419	
B-4	Due from Other Gov'ts			
B-4	Accounts Receivable		3,336,139	
B-4	Investments			
CAFR	Current Liabilities			
B-4	Less Accounts Payable		(1,877,591)	
B-4	Less Accruals		(274,125)	
B-4	Less Interfund Payable		(573,998)	
B-4	Less Unearned Revenue		(22,601)	
	Net Cash Resources	\$	1,430,243	(A)
<u>Net Adj. Total Operating Expense:</u>				
B-5	Tot. Operating Exp.		22,182,116	
B-5	Less Depreciation		(306,975)	
	Adj. Tot. Oper. Exp.	\$	21,875,141	(B)
<u>Average Monthly Operating Expense:</u>				
	B / 10	\$	2,187,514.10	(C)
<u>Three times monthly Average:</u>				
	3 X C	\$	6,562,542.30	(D)

TOTAL IN BOX A	\$	1,430,243.00
LESS TOTAL IN BOX D	\$	6,562,542.30
NET	\$	(5,132,299.30)
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.		

SCHEDULE OF AUDITED ENROLLMENTS

**NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-16 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool - 3 yrs	499		499		-	-	94		94		-	-				
Full Day Preschool - 4yrs	878		878		-	-	78		78		-	-				
Half Day Kindergarten			-		-	-					-	-				
Full Day Kindergarten	2,568		2,567		1	-	54		54		-	-				
One	2,729		2,729		-	-	95		95		-	-				
Two	2,678		2,677		1	-	30		30		-	-				
Three	2,563		2,562		1	-	36		36		-	-				
Four	2,308		2,307		1	-	77		77		-	-				
Five	2,180		2,179		1	-	39		39		-	-				
Six	2,077		2,076		1	-	29		29		-	-				
Seven	2,193		2,156		37	-	29		29		-	-				
Eight	2,220		2,183		37	-	37		37		-	-				
Nine	2,049		2,050		(1)	-	207		207		-	-				
Ten	2,003		2,004		(1)	-	180		180		-	-				
Eleven	1,867		1,868		(1)	-	100		100		-	-				
Twelve	1,948		1,949		(1)	-	226		226		-	-				
Post-Graduate																
Adult H.S. (15+CR.)					-	-										
Adult H.S. (1-14 CR.)																
Subtotal	30,760	-	30,684	-	76	-	1,311	-	1,311	-	-	-	-	-	-	-
Special Ed - Elementary	2,520		2,523		(3)		67		67		-		16	12	12	-
Special Ed - Middle School	1,330		1,330		-		30		30		-		40	30	29	1
Special Ed - High School	1,762		1,758		4		54		54		-		253	119	116	3
Unallocated																0
Subtotal	5,612	-	5,611	-	1	-	151	-	151	-	-	-	309	161	157	4
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	36,372	-	36,295	-	77	-	1,462	-	1,462	-	-	-	309	161	157	4
Percentage Error					0.21%	0.00%					0.00%	0.00%				2.48%

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

SCHEDULE OF AUDITED ENROLLMENTS

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool - 3 yrs		7	(7)									
Full Day Preschool - 4yrs		39	(39)									
Half Day Kindergarten												
Full Day Kindergarten	2,064	2,024	40	19	19	-	415	369	46	24	24	-
One	2,228	2,222	6	25	25	-	420	404	16	18	18	-
Two	2,146	2,149	(3)	26	26	-	409	401	8	64	64	-
Three	2,063	2,061	2	19	19	-	341	328	13	16	16	-
Four	1,769	1,768	1	25	25	-	198	188	10	-	-	-
Five	1,677	1,674	3	19	19	-	140	132	8	-	-	-
Six	1,592	1,594	(2)	19	19	-	139	130	9	-	-	-
Seven	1,560	1,549	11	27	27	-	135	136	(1)	-	-	-
Eight	1,575	1,554	21	20	20	-	113	11	102	15	15	-
Nine	1,044	1,053	(9)	26	26	-	84	90	(6)	-	-	-
Ten	1,021	1,027	(6)	22	22	-	93	89	4	58	58	-
Eleven	900	901	(1)	23	23	-	73	73	-	18	18	-
Twelve	962	967	(5)	16	16	-	57	58	(1)	-	-	-
Post-Graduate												
Adult H.S. (15+CR.)			-									
Adult H.S. (1-14 CR.)												
Subtotal	20,601	20,589	12	286	286	-	2,617	2,409	208	213	213	-
Special Ed - Elementary	2,005	2,040	(35)	13	13	-	163	-	163			-
Special Ed - Middle	1,028	1,092	(64)	12	12	-	44	3	41			-
Special Ed - High	997	864	133	11	11	-	35	23	12			-
Subtotal	4,030	3,996	34	36	36	-	242	26	216	0	0	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	24,631	24,585	46	322	322	-	2,859	2,435	424	213	213	-
Percentage Error			0.19%			0.00%			14.83%			0.00%

	<u>Transportation</u>						Reported	Recalculated
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Regular - Public	5,572	5,572	-	170	170	0	3.3	3.3
Regular - Spec. Ed	3,283	3,372	(89)	60	57	3	3.3	3.3
Transported - Non-Public	3,269	3,269	-	84	81	3	10.2	10.2
Spec. Ed - Special needs	533	444	89	5	5	-		
Totals	12,657	12,657	-	319	313	6		
Percentage Error			0.00%			1.88%		

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

NEWARK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

SCHEDULE OF AUDITED ENROLLMENTS

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool - 3 yrs						
Full Day Preschool - 4yrs						
Half Day Kindegarten						
Full Day Kindergarten	106	91	15	4	4	-
One	90	90	-	2	2	-
Two	94	92	2	8	8	-
Three	94	92	2	8	8	-
Four	49	47	2	-	-	-
Five	49	48	1	-	-	-
Six	54	51	3	-	-	-
Seven	56	59	(3)	-	-	-
Eight	54	51	3	3	3	-
Nine	130	131	(1)	-	-	-
Ten	139	139	-	53	52	1
Eleven	109	109	-	8	8	-
Twelve	75	75	-	-	-	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>1,099</u>	<u>1,075</u>	<u>24</u>	<u>86</u>	<u>85</u>	<u>1</u>
Special Ed - Elementary	22	1	21			-
Special Ed - Middle	4	1	3			-
Special Ed - High	12	7	5			-
Subtotal	<u>38</u>	<u>9</u>	<u>29</u>	<u>0</u>	<u>0</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>1,137</u>	<u>1,084</u>	<u>53</u>	<u>86</u>	<u>85</u>	<u>1</u>
Percentage Error			<u>4.66%</u>			<u>1.16%</u>

NEWARK PUBLIC SCHOOLS
EXCESS SURPLUS CALCULATION
JUNE 30, 2015

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures Reported on Exhibit C-1	\$ 947,988,580 (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	\$ - (A1a)
Less: Expenditures Allocated to Restricted Federal Sources as Reported On Exhibit D-2	<u>21,886,100 (A1b)</u>
2014-15 Adjusted General Fund and Other State Expenditures	\$ 926,102,480 (A2)
[(A)+(A1a)-(A1b)]	
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>65,758,308 (A3)</u>
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>- (A4)</u>
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	<u>- (A5)</u>
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	<u>0% (A6)</u>
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>- (A7)</u>
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	<u>- (A8)</u>
2014-15 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>860,344,172 (A9)</u>
2 percent of Adjusted 2014-15 General Fund Expenditures [(A9) times .02]	<u>17,206,883 (A10)</u>
Enter Greater of (A10) or \$250,000	17,206,883 (A11)
Increased By: Allowable Adjustment*	<u>132,588 (K)</u>
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>\$ 17,339,471 (M)</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2015	\$ 34,751,376 (C)
Decreased By:	
Year-end Encumbrances	<u>\$ 11,783,960 (C1)</u>
Legally Restricted - Designated for Subsequent Year's Expenditures	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 4,978,074 (C3)</u>
Other Restricted/Reserved Fund Balances****	<u>\$ 1,500,000 (C4)</u>
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 812,890 (C5)</u>
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 15,676,452 (U)</u>

SECTION 3

Restricted Fund balance - Excess Surplus***[(U)-(M)] IF NEGATIVE ENTER-0	<u>\$ - (E)</u>
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	4,978,074 (C3)
Restricted Excess Surplus ***	<u>- (E)</u>
Total [(C3) + (E)]	<u>4,978,074 (D)</u>

NEWARK PUBLIC SCHOOLS
EXCESS SURPLUS CALCULATION
JUNE 30, 2015

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
- (H) Federal Impact Aid. The passage of P.L. 2015, c. 46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back
- (J1) Extraordinary Aid,
- (J2) Additional Nonpublic School Transportation Aid,
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$	-	(H)
Sale & Lease-back	\$	-	(I)
Extraordinary Aid	\$	-	(J1)
Additional Nonpublic School Transportation Aid	\$	132,588	(J2)
Current Year School Bus Advertising Revenue Recognized	\$	-	(J3)
Family Crisis Transportation Aid	\$	-	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	<u>\$</u>	<u>132,588</u>	<u>(K)</u>

** The amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet 90031.

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

- (N-1) Capital reserve at June 30, 2015
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2015
- (N-4) Emergency reserve at June 30, 2015
- (N-5) School bus fuel offset reserve - current year - June 30, 2015
- (N-6) School bus fuel offset reserve - prior year - June 30, 2015
- (N-7) Impact Aid general fund reserve at June 30, 2015
- (N-8) Impact Aid capital fund reserve at June 30, 2015

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	<u>\$</u>	<u>-</u>
Capital reserve (N-1)	\$	1,500,000
Maintenance reserve (N-2)	<u>\$</u>	<u>-</u>
Tuition reserve (N-3)	\$	-
Emergency reserve (N-4)	<u>\$</u>	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	\$	-
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	<u>\$</u>	<u>-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)		
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)		
Other Restricted/Reserved Fund Balance not noted above****	<u>\$</u>	<u>-</u>
Total Other Restricted/Reserved Fund Balance	<u>\$</u>	<u>1,500,000</u> (C4)