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CITY OF ELIZABETH SCHOOL DISTRICT

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

For The Fiscal Year Ended June 30, 2015



... Your Business, Our Passion!

**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
City of Elizabeth
County of Union
Elizabeth, New Jersey

We have audited, in accordance with generally accepted audit 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 City of Elizabeth School District in the County of Union, New Jersey for the year ended June 30, 2015, and have issued our report thereon dated December 21, 2015.

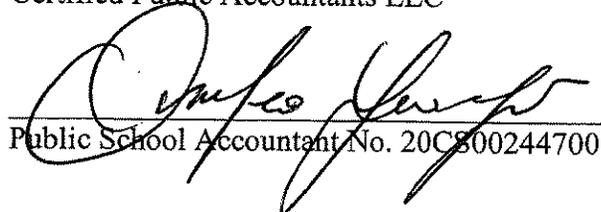
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

We would like to take this opportunity to acknowledge the excellent work done by the financial management of the District and thank everyone for the many courtesies extended to us by the personnel of the City of Elizabeth School District during our audit. We would be pleased to discuss with you, at your convenience, any of the matters contained herein.

This report is intended solely for the information of the City of Elizabeth School District's Management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Union, New Jersey
December 21, 2015


MENDONCA & PARTNERS
Certified Public Accountants LLC


Public School Accountant No. 20CS00244700

NEW JERSEY | NEW YORK

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the 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 Exhibit 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>Bond Amounts</u>
Ana Mortola, CPA	Treasurer of School Moneys	\$1,300,000
Harold E. Kennedy, Jr.	Board Secretary/ School Business Administrator	\$300,000
William A. Greene, Jr., D. Min.	Comptroller	\$300,000
Patricia J. Grant	Accountant	\$300,000
Gelcys Del Cueto	Accountant	\$300,000
Guilherme Matheus	Supervisor of Accounts Payable	\$300,000
All Employees including	All Employee Blanket Bond	\$500,000

Adequacy of insurance coverage is the responsibility of the Board of Education.

Tuition Charges

The District bills for approximately eight (8) students placed by the State and nine (9) homeless students who went to an out of district school of which that district pays for that student in district. Tuition rate used is generated by the State budget program. Since so few students no adjustments were made.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

Financial Planning, Accounting and Reporting

Examination of Claims

Our examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Accounts and Position Roster Control

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator and the Chief School Administrator. Payroll amounts are transferred to the bank account with the proper approval of the Payroll Supervisor, Business Administrator, Comptroller, Superintendent and Board President and Vice President.

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2015 for proper classification of orders as reserve for encumbrances and accounts payable. Open purchase orders for items that are 1) no longer considered necessary or 2) not substantiated with a valid contract or 3) aged (regardless of materiality) and have been on the books for over 90 days should be canceled and not included in June 30, 2015 reservation of fund balance. As of June 30, 2015, District personnel reviewed and adjusted outstanding purchase orders to properly classify them as reserve for encumbrances and accounts payable.

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 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 selection specifically 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, there were no instances of misclassification of expenditures, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

Financial Planning, Accounting and Reporting - continued

Board Secretary's Records

The records maintained by the Board Secretary were in satisfactory condition. Board minutes reflected approval of salaries, adoption of budget, payment of claims and vouchers, requests for taxes, advertisements for bids, details of budget transfers, and approval of the Board Secretary and Treasurer's reports, as well as, other financial and administrative matters.

Treasurer's Records

Our review of the treasurer's records indicated that monthly bank reconciliations were being performed by the treasurer of school moneys.

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

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and B 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.

**Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015**

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

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

Medical Assistance Program (SEMI)

Finding (2015-1):

The District is not maximizing its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

Recommendation:

The District should reinforce their policy to ensure that they maximize their efforts under SEMI for obtaining federal reimbursement for special educations services.

Finding (2015-2):

Our testing revealed instances of noncompliance with some of the Special Education Medicaid Initiative (SEMI) Program requirements set forth in N.J.A.C. 6A:23A-5.3.

Recommendation:

The District should reinforce their policy to ensure that they comply with all program requirements.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditures charged to the current year's Final Report(s) 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 for federal funds was made subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly recorded as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

School Purchasing Program

Contracts and Agreements Requiring Advertisement for Bids

- a. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price of which, together with any other sums expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of schools funds, does not exceed the total sum of \$36,000 or the amount determined pursuant to subsection b. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made, negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore.
- b. Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount set forth in subsection a. of this section in direct proportion to the rise or fall of the consumer price index for all urban consumers in the New York City and Philadelphia area as reported by the United States Department of Labor and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school Districts of the adjustment. The adjustment shall become effective July 1 of the year in which it is reported.

N.J.S.A. 18A:18A-4 states:

Contracts and agreements requiring advertising. Every contract for the provision or performance of any goods or services, the cost of which in aggregate exceeds the bid threshold, shall be awarded only by the resolution of the board of education after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.

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 student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The District 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.

The District's system of purchase orders did not provide for an accumulation of payments by category for the performance of any work or goods or services, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed to determine whether any clear-cut violations existed.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

School Purchasing Program - continued

Contracts and Agreements Requiring Advertisement for Bids – continued

The results of our testing did not reveal any individual payments, contracts, or agreements that 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, amended.

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

The District's records did not provide for the accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not be reasonably ascertained.

School Food Service

The financial transactions and statistical records of the School Food Services fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were 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 disbursement records reflected expenditures for program related goods and services. The Board is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. 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 as reported on the Net Cash Resource Schedule.

Labor costs were verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was verified against 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.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

School Food Service – continued

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 and/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 priced meal and milk policy was reviewed and is uniformly administered throughout the school system. No exceptions were noted.

The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

USDA Food Distribution Program commodities were received and an inventory was maintained on a first-in first-out basis. No exceptions were noted.

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

Finding (2015-3):

Meals claimed did not agree with meal count records resulting in an over/under claim, as detailed on the Schedule of Meal Count Activity.

Recommendation:

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets.

Student Body Activities

The Board has a policy that clearly establishes the regulation of student activity funds.

Finding (2015-4):

During our testing of student activity accounts, it was noted that for most of the student activity accounts, monthly bank reconciliations were not performed, documentation required to be maintained as per policy established by the District was not always available, and required policies and procedures were not followed by the individuals in charge of the accounts.

Recommendation:

The District needs to make sure that the individuals in charge of the student activity accounts at the different schools understand the policies in place and comply with them fully.

**Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015**

Application of State School Aid (A.S.S.A)

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's procedures related to its completion. The information on the A.S.S.A. was compared to the District's workpapers without exception.

The information that was included on the workpapers indicated minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent. The District's written procedures appear to be adequate for the recording of student enrollment data.

Finding (2015-5):

A test of the workpapers with various support documentation disclosed errors as detailed on the Schedule of Audited Enrollments.

Recommendation:

All workpapers utilized and supporting the Application for State School Aid should be maintained and carefully reviewed.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures for contracts 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.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

Pupil Transportation - continued

Finding (2015-6):

During our testing of students with special needs that did not meet the remote mileage requirements, there were several exceptions where the student's Individualized Education Program (I.E.P.) did not have the proper documentation requiring transportation.

Recommendation:

The District should consider electronically integrating its communications between computer systems in transportation and those in special services to avoid incorrect processing of the data.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the capital reserve account, and awarding of contract for eligible facilities construction. Our procedures also included a review of the fixed asset ledger and depreciation schedule to make sure all capital expenditures above the State threshold are accurately recorded and any related depreciation expense is properly calculated.

Finding (2015-7):

The District refinanced a capital lease to extend it for an additional twelve (12) months which would exceed the five year term allowed by N.J.A.C 6A:26-10.6. Upon further review of the transaction we discovered that the documentation and procedures required to refinance a lease were not followed.

Recommendation:

The District should ensure that the State guidelines for documentation and procedures required to refinance a lease are being adhered to.

Miscellaneous

Travel

A review of the travel expenses and the District's policy provisions and approval requirements was made as of June 30, 2015. A travel policy is in place as required by N.J.A.C. 6A:23A-7.13 and N.J.S.A.18A:11-12.

Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015

Miscellaneous - continued

Travel - continued

Finding (2015-7):

The District reimbursed certain travel expenses without obtaining an actual invoice or receipt as required by N.J.A.C. 6A:23A-7.9 and 7.13.

Recommendation:

The District needs to make sure that all travel expenses reimbursement is supported by actual receipts and/or invoices before payments are made unless otherwise stated in N.J.A.C. 6A:23A7.1 through 7.13.

Follow-up on Prior Year's Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations. A Corrective Action Plan was adopted and action was taken on prior year findings, however, we noted a reoccurrence of the following recommendations noted as current year finding below:

Board Secretary's Records (2015-2)

The District should reinforce their policy to ensure that they comply with all the Special Education Medicaid Initiative (SEMI) Program requirements.

Student Body Activities (2015-4)

The District needs to make sure that the individuals in charge of the student activity accounts at the different schools understand the policies in place and comply with them fully.

Application for State School Aid (2015-5)

That a more careful assessment of the source documentation be made when completing the supporting workpapers used in preparation for the Application for State School Aid.

Pupil Transportation

(2015-6) The District should consider electronically integrating its communications between computer systems in transportation and those in special services to avoid incorrect processing of the data.

**Independent Auditors' Management Report of Administrative Findings
Financial, Compliance and Performance
June 30, 2015**

Suggestions to Management

Treasurer's report

The District has significant outstanding checks from prior years that need to be reviewed and unclaimed property procedures followed. The District is in the process but has not completed the review of those outstanding checks. We recommend that District assigned additional personnel to review those outstanding checks.

CITY OF ELIZABETH SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
National School Lunch (HIGH RATE)	Free	2,771,721	2,771,721	2,769,097	(2,624)	\$3.00	(\$7,872)
	Reduced	343,347	343,347	344,423	1,076	2.60	2,798
	Paid	394,439	394,439	395,855	1,416	0.30	425
	TOTAL	3,509,507	3,509,507	3,509,375	(132)		(4,649)
National School Lunch	HHFKA-PB Lunch Only	3,509,507	3,509,507	3,509,375	(132)	0.06	(8)
School Breakfast (SEVERE NEED RATES)	Free	1,741,317	1,741,317	1,740,454	(863)	1.93	(1,666)
	Reduced	222,769	222,769	223,575	806	1.63	1,314
	Paid	349,678	349,678	351,324	1,646	0.28	461
	TOTAL	2,313,764	2,313,764	2,315,353	1,589		109
After School Snacks	Free	102,217	102,217	99,307	(2,910)	0.82	(2,386)
	Reduced	-	-	-	-	0.39	-
	Paid	-	-	-	-	0.07	-
	TOTAL	102,217	102,217	99,307	(2,910)		(2,386)
TOTAL NET (OVER)/ UNDER CLAIMED							<u><u>(\$6,934)</u></u>

CITY OF ELIZABETH SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>	
State reimbursement - National School Lunch (REGULAR RATE)	Free	2,771,721	2,771,721	2,769,097	(2,624)	\$0.055	(\$144)	
	Reduced	343,347	343,347	344,423	1,076	\$0.055	59	
	Paid	394,439	394,439	395,855	1,416	\$0.040	57	
	TOTAL		<u>3,509,507</u>	<u>3,509,507</u>	<u>3,509,375</u>	<u>(132)</u>		<u>(28)</u>
TOTAL NET OVER CLAIMED								<u>(28)</u>

**CITY OF ELIZABETH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS**

Application for State School Aid Summary

Enrollment as of October 15, 2014

Enrollment category	2015-2016 Application for State School Aid")						Sample Selected from Workpapers						Verified per Registers on Roll			Errors per Registers on Roll			Related Services			Private Schools for Disabled			
	Reported as 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		Sample for Verifi-cation	Sample Verified	Sample Errors	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													
Half Day Preschool	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—						
Full Day Preschool	2,470	—	2,470	—	—	—	29	—	29	—	—	—	—	—	—	—	—	—	—						
Half Day Kindergarten	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—						
Full Day Kindergarten	1,947	—	1,947	—	—	—	91	—	91	—	—	—	—	—	—	—	—	—	—						
One	1,936	—	1,936	—	—	—	92	—	92	—	—	—	—	—	—	—	—	—	—						
Two	1,980	—	1,980	—	—	—	70	—	70	—	—	—	—	—	—	—	—	—	—						
Three	1,779	—	1,779	—	—	—	53	—	53	—	—	—	—	—	—	—	—	—	—						
Four	1,685	—	1,685	—	—	—	53	—	53	—	—	—	—	—	—	—	—	—	—						
Five	1,618	—	1,618	—	—	—	32	—	32	—	—	—	—	—	—	—	—	—	—						
Six	1,556	—	1,556	—	—	—	30	—	30	—	—	—	—	—	—	—	—	—	—						
Seven	1,597	—	1,597	—	—	—	46	—	46	—	—	—	—	—	—	—	—	—	—						
Eight	1,522	—	1,522	—	—	—	49	—	49	—	—	—	—	—	—	—	—	—	—						
Nine	1,807	—	1,807	—	—	—	38	—	37	—	1	—	—	—	—	—	—	—	—						
Ten	1,323	—	1,323	—	—	—	22	—	22	—	—	—	—	—	—	—	—	—	—						
Eleven	1,222	—	1,222	—	—	—	27	—	26	—	1	—	—	—	—	—	—	—	—						
Twelve	1,000	—	1,000	—	—	—	19	—	19	—	—	—	—	—	—	—	—	—	—						
Post-Graduate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—						
Adult High School (15+ Credits)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—						
Adult High School (1-14 Credits)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—						
Subtotal	23,442	—	23,442	—	—	—	651	—	649	—	2	—	—	—	—	—	—	—	—						
Special Education - Elementary	1,218	—	1,218	—	—	—	185	—	185	—	—	—	150	150	—	57	35	35	—						
Special Education - Middle School	515	—	514	—	1	—	82	—	82	—	—	—	64	64	—	48	30	27	3						
Special Education - High School	568	—	568	—	—	—	79	—	79	—	—	—	70	68	2	77	48	43	5						
Subtotal	2,301	—	2,300	—	1	—	346	—	346	—	—	—	284	282	2	182	113	105	8						
Totals	25,743	—	25,742	—	1	—	997	—	995	—	2	—	284	282	2	182	113	105	8						
Percentage Error					0.00%	0.00%					0.20%	0.00%			0.70%				7.08%						

Enrollment category	Transportation						Re-Reported	Re-Calculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Sample for Verification				
				Tested	Verified	Errors		
Reg. - Public Schools, col. 1	2,067	2,067	—	284	247	37		
AIL, col 2	168	168	—	16	9	7		
Transported - Non-Public, col. 3	184	184	—	10	9	1		
Reg. - SpEd, col.4	1,399	1,399	—	—	—	—		
Special Ed Spec, col.6	443	443	—	8	8	—		
Totals	4,261	4,261	—	318	273	45		
Percentage Error			0.00%			14.15%		

Avg. Mileage - Regular Excluding Grade PK students 2.6 2.3
Avg. Mileage - Special Ed with Special Needs 17.2 17.2

**CITY OF ELIZABETH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS**

Application for State School Aid Summary

Enrollment as of October 15, 2014

Enrollment category	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification			Resident LEP NOT 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 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 NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Full Day Preschool	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Half Day Kindergarten	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Full Day Kindergarten	1,623	1,623	—	50	50	—	556	556	—	24	24	—	61	61	—	9	9	—
One	1,678	1,678	—	37	37	—	553	553	—	31	31	—	52	52	—	4	4	—
Two	1,704	1,704	—	32	32	—	516	516	—	24	24	—	50	50	—	5	5	—
Three	1,526	1,526	—	21	21	—	352	352	—	16	16	—	38	38	—	3	3	—
Four	1,446	1,446	—	15	15	—	170	170	—	13	13	—	24	24	—	1	1	—
Five	1,380	1,380	—	17	17	—	129	129	—	11	11	—	16	16	—	—	—	—
Six	1,316	1,316	—	12	12	—	117	117	—	9	9	—	21	21	—	1	1	—
Seven	1,334	1,334	—	22	22	—	116	116	—	16	16	—	15	15	—	2	2	—
Eight	1,249	1,249	—	25	25	—	138	138	—	15	15	—	32	32	—	5	5	—
Nine	1,526	1,526	—	14	14	—	227	227	—	11	11	—	44	44	—	3	3	—
Ten	1,103	1,103	—	11	11	—	133	133	—	6	6	—	22	22	—	4	4	—
Eleven	989	989	—	10	10	—	124	124	—	6	6	—	12	12	—	3	3	—
Twelve	834	834	—	9	9	—	72	72	—	6	6	—	7	7	—	1	1	—
Post-Graduate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adult High School (15+ Credits)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adult High School (1-14 Credits)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	17,708	17,708	—	275	275	—	3,203	3,203	—	188	188	—	394	394	—	41	41	—
Special Education - Elementary	968	968	—	60	60	—	177	177	—	50	50	—	19	19	—	8	8	—
Special Education - Middle School	466	465	1	17	17	—	17	17	—	5	5	—	3	3	—	1	1	—
Special Education - High School	488	488	—	9	9	—	17	17	—	7	7	—	1	1	—	—	—	—
Subtotal	1,922	1,921	1	86	86	—	211	211	—	62	62	—	23	23	—	9	9	—
Totals	19,630	19,629	1	361	361	—	3,414	3,414	—	250	250	—	417	417	—	50	50	—
Percentage Error			0.01%			0.00%			0.00%			0.00%			0.00%			0.00%

Home Instruction Students	Home Instruction					
	Reported on A.S.S.A. as Home Instruction	Reported on Workpapers as Home Instruction	Errors	Sample for Verification		
			Tested	Verified	Errors	
Home Instruction Students	28	28	—	24	21	3
Totals	28	28	—	24	21	3
Percentage Error			0.00%			12.50%

CITY OF ELIZABETH SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE
Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Net Cash Resources:</u>	Food Service (B) - 4/5	
CAFR *		Current Assets:
B-4	\$2,482,477	Cash and Cash Equivalent
B-4	0	Due from Other Governments
B-4	1,438,755	Accounts Receivable
B-4	3,103,425	Interfund Accounts Receivable
B-4	0	Investments
		Current Liabilities:
B-4	(677,471)	Less Accounts Payable
B-4	0	Less Accruals
B-4	(5,036,525)	Less Due to Other Funds
B-4	0	Less Deferred Revenue
	\$1,310,661	Net Cash Resources
	\$1,310,661	(A)
 <u>Net Adjusted Total Operating Expense:</u>		
B-5	\$17,976,272	Total Operating Expenses
B-5	(155,551)	Less Depreciation
	\$17,820,721	Adjusted Total Operating Expense
	\$17,820,721	(B)
 <u>Average Monthly Operating Expense:</u>		
	\$1,782,072	B / 10
	\$1,782,072	(C)
 <u>Three Times Monthly Average:</u>		
	\$5,346,216	3 X C
	\$5,346,216	(D)

TOTAL IN BOX A	\$1,310,661	(A)
LESS TOTAL IN BOX D	(5,346,216)	(D)
NET	(\$4,035,555)	

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

**CITY OF ELIZABETH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section 1:

A. 2% Calculation of Excess Surplus

		Line #
2014-2015 Total General Fund Expenditures Reported on Exhibit C-1	\$ 461,680,127	(A)
Increased by Applicable Operating Transfers:		
Transfer from Capital Outlay to Capital Projects	-	(A1a)
Transfer from Capital Reserve to Capital Projects	-	(A1a)
Transfers from G/F to SRF for Preschool - Regular	-	(A1a)
Transfers from G/F to SRF for Preschool - Inclusion	2,838,504	(A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>5,714,616</u>	(A1b)
2014-2015 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	<u>458,804,015</u>	(A2)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>41,389,004</u>	(A3)
On-Behalf SDA Capital Contributions	<u>(944,433)</u>	(A3)
Assets Acquired Under Capital Leases:		
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1A	<u>-</u>	(A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:		
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1A	-	(A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>97.60%</u>	(A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>-</u>	(A7)
Total Assets Acquired Under Capital Leases [A4)+(A7)]	<u>-</u>	(A8)
2014-2015 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>\$ 418,359,444</u>	(A9)
2% of Adjusted 2014-2015 General Fund Expenditures [(A9)*.02]	<u>\$ 8,367,189</u>	(A10)
Enter Greater of (A10) or \$250,000	8,367,189	(A11)
Increased by: Allowable Adjustment	<u>48,887</u>	(K)
Maximum Unassigned Fund Balance [(A11)+ (K)]	<u>\$ 8,416,076</u>	(M)

**CITY OF ELIZABETH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section 2:

Total General Fund - Fund Balances at June 30, 2015	\$ 19,493,008	(C)
Decreased by:		
Year End Encumbrances	675,951	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	858,039	(C3)
Other Restricted/Reserved Fund Balances	-	(C4)
Assigned- Designated for Subsequent Year's Expenditures	<u>9,542,942</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)- (C2)-(C3)-(C4)-(C5)]	<u>\$ 8,416,076</u>	(U)

**CITY OF ELIZABETH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section 3:

Restricted Fund Balance - Excess Surplus [(U)-(M)] IF NEGATIVE ENTER-0	\$ -	(E)
--	------	-----

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus - Designated for Subsequent Year's Expenditure	858,039	(C3)
Restricted Excess Surplus ***[(E)]	-	(E)
Total [(C3)+(E)]	\$ 858,039	(D)

* This adjustment line (Line (K) as detailed below) is to be utilized for Impact Aid, Sale and Lease-back, Extraordinary Aid, Additional Nonpublic Transportation Aid, and recognized current year School Bus Advertising Revenue, if applicable. Extraordinary Aid and Additional Nonpublic Transportation Aid for 2013-14 received after June is limited to the amount of revenue recognized in the audit year that was not appropriated.

Detail of Allowable Adjustments

Impact Aid	\$ -	(H)
Sale & Lease-back	-	(I)
Extraordinary Aid	-	(J)
Additional Nonpublic Transportation Aid	48,887	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Family Crisis Transportation Aid	-	(J4)
Total Adjustments [(H)+(I)+(J)+(J2)+(J3)]	\$ 48,887	(K)

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -	
Sale/lease-back reserve	-	
Capital reserve (N-1)	-	
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)	-	
Other Restricted/Reserved Fund Balance not noted above	-	
Total Other Restricted/Reserved Fund Balance	\$ -	(C4)