

School Advisory Board Update

December 16, 2014

S

System-wide Accountability

Standard approaches to tracking student, school, and system success and progress across all schools.

U

Universal Enrollment

Universal Enrollment is straightforward, user-friendly and empowers our students & families to choose the school experience that best meets the student's needs and preferences.

C

Citywide Facilities and Technology Plan

Bold, inspirational, and participatory plan to operationalize the "21st century learning environments for all students" piece of One Newark vision.

C

Common Core Mastery and PARCC Readiness

Lead the nation in the number of students living below the poverty level making progress towards Common Core mastery and PARCC readiness, especially those who are too often left behind.

E

Equity and Access for All Students

Increase the number of high quality seats for all students – particularly those too often left behind.

S

Shared Vision for Excellent Schools

Embed the demand for 100 excellent schools and the groundswell of support for the changes necessary to get there.

S

Systemic Conditions for Success

Radically transform NPS to ensure it is a high performing organization for years to come.



SYSTEM-WIDE ACCOUNTABILITY:

Results of CAFR Audit

Presented by Valerie Wilson



What is the CAFR?

- ▶ **Comprehensive Annual Financial Report (CAFR)**

- ▶ A Comprehensive Annual Financial Report (CAFR) is a set of financial statements that provide a thorough and detailed presentation of a school district's financial condition.

- ▶ **N.J.A.C. 6A:23A-16.2(i) requires the issuance of a CAFR by every school district**

- ▶ Submitted to the NJDOE annually

- ▶ **The Comprehensive Annual Financial Report (CAFR) is the basis for the annual audit**

- ▶ **The Federal Single Audit Act requires that organizations that expend \$500,000 or more in federal financial assistance have an audit** conducted in accordance with guidance provided in the Office of Management and Budget Circular A-133.

- ▶ **Audited by an independent Certified Public Accountant**

- ▶ In accordance with Government Auditing Standards (GAS)

What is the CAFR?

▶ **Reviews areas such as:**

- ▶ Insurance
- ▶ Tuition Charges
- ▶ Payroll
- ▶ Encumbrances and Accounts Payable
- ▶ Classification of Expenditures
- ▶ Board Secretary's Records
- ▶ Treasurer's Records
- ▶ Unemployment Compensation Insurance Trust Fund
- ▶ Special Federal and/or State Projects
- ▶ School Purchasing Programs
- ▶ School Food Service
- ▶ Student Body Activities
- ▶ Application for State School Aid (ASSA)
- ▶ Pupil Transportation
 - ▶ District Report of Transported Resident Students (DRTRS)
- ▶ Facilities and Capital Assets

NPS Audit

- ▶ **Independent Auditor:** Wiss & Company LLP
- ▶ **Report Due Date:** December 5, 2014
 - ▶ Fulfilling requirement for New Jersey Quality Single Accountability Continuum (NJQSAC) District Performance Review

- ▶ **Potential Audit Results**
 - ▶ **Unmodified Opinion**
 - ▶ Best type of report from an external auditor;
 - ▶ The Auditor does not have any significant reservation in respect of matters contained in the financial statements;
 - ▶ The financial condition, position, and operations are fairly presented in the financial statements.

 - ▶ **Modified Opinion**
 - ▶ Either of the following is true: (a) the financial statements are materially misstated in one particular account balance, class of transaction or disclosure (b) the auditor is unable to obtain audit evidence regarding one particular account balance, class of transaction or disclosure.

 - ▶ **Adverse Opinion**
 - ▶ The auditor determines that the financial statements of an auditee are materially misstated and, when considered as a whole, do not conform with generally accepted accounting principles.

NPS Audit: Positive Highlights

▶ **NPS received an Unmodified Opinion**

- ▶ The financial statements have been prepared using the generally accepted accounting principles (GAAP);
 - ▶ The financial statements comply with relevant statutory requirements and regulations;
 - ▶ There is adequate disclosure of all material matters relevant to the proper presentation of the financial information subject to statutory requirements, where applicable.
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- ▶ **No instances of noncompliance** or other matters that are required to be reported under Government Auditing Standards and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.
 - ▶ In auditor's opinion, **the District complied, in all material respects**, with the types of compliance requirements that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

NPS Audit: Positive Highlights

▶ **There were no significant or material findings**

□ Several areas where there were zero findings:

- Tuition Charges
- Claims
- Classification of Expenditures
- Board Secretary's Records
- Treasurer's Records
- Unemployment Compensation
- Insurance Trust Fund
- Other Special Federal and/or State Projects
- T.P.A.F Reimbursement
- Non-Public State Aid
- School Food Service
- Student Body Activities
- Facilities and Capital Assets

▶ **Reduction of minor findings**, from 17 last year to 9 minor findings this year

▶ A few repeat findings:

- Employee records and benefits
- Purchasing
- Legal costs
- Transportation Reporting for Students with Disabilities

▶ **NPS' continuous record of unmodified opinions** is a significant contributor to our eligibility for local control of finance

NPS Audit: Positive Highlights

▶ **Awards:**

- ▶ NPS has received the Certificate of Excellence in Financial Reporting (COE), awarded by International Association of School Business Officials (ASBO)
 - ▶ 10 consecutive years
 - ▶ 12 years total

- ▶ NPS has received the Meritorious Budget Award (MBA), Awarded by International ASBO
 - ▶ 6 consecutive years
 - ▶ NPS was the only District in NJ to receive this award, until this year
 - 2 Districts received this award this year

NPS Audit: Excess Fund Balance

- ▶ **NPS reserves the recommended 2% of budget for emergency needs**

- ▶ **Excess fund balance from the pre-budget year is used to offset budget gaps/increases in property taxes in the current fiscal year.**

- ▶ **Fund balance decreased overall from the prior year**
 - ▶ In the 2013-14 fiscal year, a significant amount of fund balance was available and utilized from the 2012-13 fiscal year (\$31 million)
 - ▶ In the 2014-15 fiscal year, the district had approximately 50% less in excess fund balance from the prior year (\$18.2 million)
 - ▶ Estimates for the 2015-16 fiscal year demonstrate an excess fund balance of \$4,978,074

- ▶ **Reasons for fund balance decline:**
 - ▶ Rising costs in fringe benefits and pension costs
 - ▶ Increased facilities maintenance
 - ▶ Critical classroom-focused technology upgrades

NPS Audit: Presentation Requirements

- ▶ **NJ Statute requires the CAFR to be:**
 - ▶ Made public
 - ▶ Presented to all the District Board
 - ▶ Board Resolution to accept the CAFR
 - ▶ Board Resolution to accept corrective action plan (CAP)
 - ▶ Posted on the District's website
 - ▶ Within 30 days of receipt
 - ▶ Certified on the NJDOE homeroom
 - ▶ CPA and SBA

Corrective Action Plan

- ▶ **Corrective action must be taken on the following:**
 - ▶ All audit findings
- ▶ **Additional corrective action must be taken on the following:**
 - ▶ Grants
 - ▶ Federal, State and local
 - ▶ Spending
 - Actualized
 - Allowable
 - ▶ Repeat Findings
- ▶ **A team of departmental experts and leadership is convened in order to address all elements of the corrective action plan.**
 - ▶ An action plan and associated timeline is developed
 - ▶ Responsible and accountable parties are assigned to achieve implementation and resolution
 - ▶ All plans must be accepted by the School Advisory Board
 - ▶ Plans are monitored by the Executive County Superintendent's Office and supplemented by additional agency reviews where appropriate

SYSTEM-WIDE ACCOUNTABILITY:

Enrollment Data

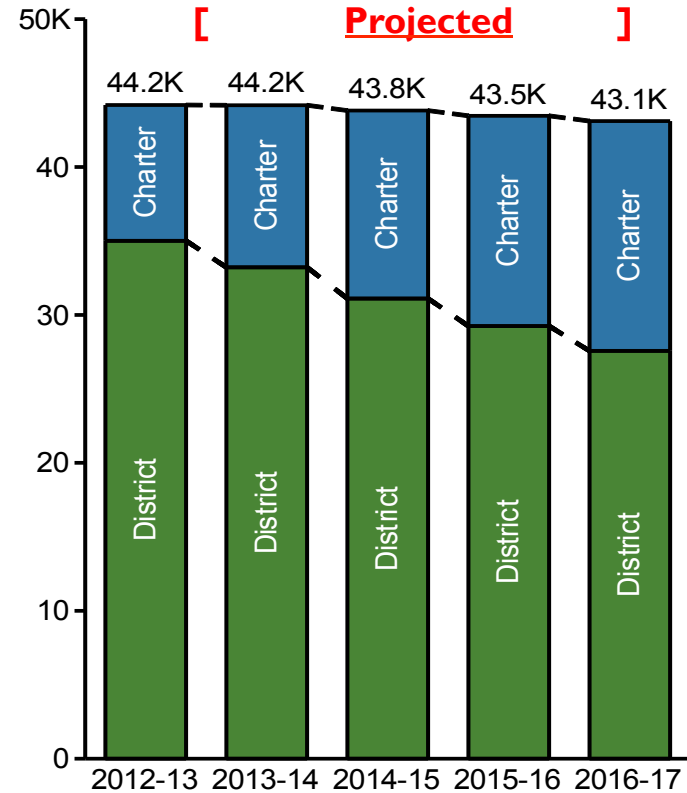


Projected Enrollment: K-12 Students in Newark

Projections Predicted:

6% decline in NPS enrollment from 2013-14 to school year 2014-15

K-12 Students in Newark, 2012-13 to 2016-17



Charter	9.2K	11.0K	12.7K	14.2K	15.5K
District	35.0K	33.2K	31.1K	29.2K	27.6K
Charter (%)	21%	25%	29%	33%	36%
District (%)	79%	75%	71%	67%	64%

Actual Enrollment: School Year 2014-15

- **NPS saw an increase in new family enrollment. But, overall enrollment declined by 3%.**
- 1,200 overall decline in NPS K-12 enrollment since School Year 2013-14

	Projected NPS K-12 Enrollment	Actual NPS K-12 Enrollment ³	Projected Charter K-12 Enrollment	Actual Charter K-12 Enrollment ⁴
Fall 2013	33,200	36,141	11,000	10,869
Fall 2014	31,100	34,933	12,700	12,902

- 665 increase in new family K-12 enrollment to NPS from School Year 2013-14
- 1,900 more students enrolled in PK since 2010-11; 11% average annual increase

New NPS K-12 Enrollment ¹	
9/1/2013 – 12/8/2013	2,292
9/1/2014 – 12/8/2014	2,957
Difference	+665

Newark PK Enrollment ²	
2010-11	3,805
2014-15	5,736
Difference	+1,931

Source 1: Power School

Source 2: NPS and Private Provider ASSA Submissions for 2010-11

and 2014-15

Source 3: NPS ASSA Submissions for 2013-14 and 2014-15

Source 4: NJDOE Charter School Aid Summary for 2013-14 and 2014-15