



State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
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PO Box 112
TRENTON, NJ 08625-0112

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

GURBIR S. GREWAL
Attorney General

MICHELLE L. MILLER
Director

October 2, 2018

Via Electronic and Regular Mail

Honorable Susan M. Scarola, A.L.J.
Office of Administrative Law
Quakerbridge Plaza, Bldg. 9
P.O. Box 049
Trenton, New Jersey 08625-0049

Re: Leonor Alcantara, et al, v. David Hespe,
Commissioner of Education, et al.
OAL Dkt. No. EDU 11069-14

Dear Judge Scarola:


As Your Honor is aware, this office represents Respondents in the above referenced matter. In response to paragraph 7 of Your Honor's August 20, 2018 Order, enclosed, please find the Certification of Glenn Forney, Deputy Assistant Commissioner of Finance within the New Jersey Department of Education and attached exhibits.

Should you have any questions, please do not hesitate to contact our office directly.

Thank you.

Sincerely yours,

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

By: 
Jennifer Hoff
Deputy Attorney General

encl.



October 2, 2018

Page 2

cc: Arthur Lang, Esq. (via email and regular mail)
Daniel Grossman, Esq. (via email and regular mail)
Paul Tractenberg, Esq. (via email and regular mail)
Michael Inzelbuch, Esq. (via email and regular mail)

and Office of School Finance. Among other duties, I oversee the recruitment, appointment, and operations of state monitors and the process for requesting and awarding advance State aid on behalf of the Commissioner of Education.

3. In preparing this Certification, I have relied upon my knowledge and experience as the Deputy Assistant Commissioner of Finance, NJDOE staff, and information and documentation within the possession of the Department.

4. The following table shows the school districts for which a state monitor was appointed or reappointed for each year during the period from 2014-2015 through 2017-2018 school years:

| 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 |
|---------------|-----------------|-----------------|-----------------|
| Asbury Park | Asbury Park | Asbury Park | Asbury Park |
| Atlantic City | Atlantic City | Atlantic City | Atlantic City |
| Belleville | Belleville | Belleville | Belleville |
| Elmer | Elmer | Elmer | Elmwood Park |
| Elmwood Park | Elmwood Park | Elmwood Park | Hi-Nella |
| Garfield | Garfield | Hi-Nella | Lakewood |
| Lakewood | Hi-Nella | Lakewood | Pleasantville |
| Pleasantville | Lakewood | Pleasantville | Ridgefield Park |
| Trenton | Pleasantville | Ridgefield Park | Trenton |
| Woodbine | Ridgefield Park | Trenton | Woodbine |
| | Trenton | Woodbine | |
| | Woodbine | | |

5. The following table shows the school districts that received an advance State aid payment under N.J.S.A. 18A:7A-56(a) during the 2014-2015 school year and the amounts of such payments:

| District | Number of Prior Advance | Amount of Advance | General Fund Budget | Advance State Aid |
|----------|----------------------------|----------------------|------------------------|----------------------|
|----------|----------------------------|----------------------|------------------------|----------------------|

| | State Aid Payments | State Aid | ("GFB") | Payment Percentage of GFB |
|------------|--------------------|-------------|---------------|---------------------------|
| Belleville | 0 | \$4,162,426 | \$66,617,195 | 6.25% |
| Elmer | 3 | \$577,037 | \$4,253,689 | 13.57% |
| Lakewood | 0 | \$4,500,000 | \$143,455,116 | 3.14% |

6. The following table shows the school districts that received an advance State aid payment under N.J.S.A. 18A:7A-56(a) during the 2015-2016 school year and the amounts of such payments:

| District | Number of Prior Advance State Aid Payments | Amount of Advance State Aid | GFB | Advance State Aid Payment Percentage of GFB |
|-----------------|--|-----------------------------|---------------|---|
| Elmer | 4 | \$668,125 | \$4,253,689 | 15.71% |
| Hi-Nella | 0 | \$810,000 | \$1,844,077 | 43.92% |
| Lakewood | 1 | \$5,640,183 | \$143,455,116 | 3.93% |
| Ridgefield Park | 0 | \$2,500,000 | \$36,837,154 | 6.79% |
| Woodbine | 1 | \$65,000 | \$4,780,655 | 1.36% |

7. The following table shows the school districts that received an advance State aid payment under N.J.S.A. 18A:7A-56(a) during the 2016-2017 school year and the amounts of such payments:

| District | Number of Prior Advance State Aid Payments | Amount of Advance State Aid | GFB | Advance State Aid Payment Percentage of GFB |
|----------|--|-----------------------------|-------------|---|
| Elmer | 5 | \$825,761 | \$4,253,689 | 19.41% |
| Hi-Nella | 1 | \$568,161 | \$1,844,077 | 30.81% |

8. The Lakewood School District did not receive an advance State aid payment in the 2016-2017 school year because the school district had a balanced budget.

9. The following table shows the school districts that received an advance State aid payment under N.J.S.A. 18A:7A-56(a) during the 2017-2018 school year and the amounts of such payments:

| District | Number of Prior Advance State Aid Payments | Amount of Advance State Aid | GFB | Advance State Aid Payment Percentage of GFB |
|----------|--|-----------------------------|---------------|---|
| Hi-Nella | 2 | \$988,078 | \$1,844,077 | 53.58% |
| Lakewood | 2 | \$8,522,678 | \$143,455,116 | 5.94% |

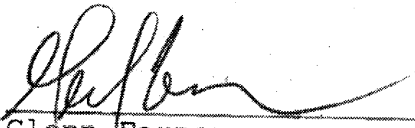
10. Attached hereto as Exhibit A is a true and correct copy of a May 4, 2015, letter from the Commissioner of Education to the State Treasurer recommending advance State aid to the Lakewood School District for the 2014-2015 school year.

11. Attached hereto as Exhibit B is a true and correct copy of a June 10, 2015, letter from the Commissioner of Education to the State Treasurer recommending advance State aid to the Lakewood School District for the 2014-2015 school year.

12. Attached hereto as Exhibit C is a true and correct copy of a June 16, 2015, letter from the Commissioner of Education to the State Treasurer recommending advance State aid to the Lakewood School District for the 2014-2015 school year.

13. Attached hereto as Exhibit D is a true and correct copy of a June 23, 2016, letter from the Commissioner of Education to the State Treasurer recommending advance State aid to the Lakewood School District for the 2015-2016 school year.

14. Attached hereto as Exhibit E is a true and correct copy of a November 9, 2017, letter from the Commissioner of Education to the State Treasurer recommending advance State aid to the Lakewood School District for the 2017-2018 school year.



Glenn Forney
Deputy Assistant Commissioner of Finance

Dated: 10/2/18

EXHIBIT A



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

May 4, 2015

TO: Andrew P. Sidamon-Eristoff
State Treasurer

FROM: David C. Hespe
Commissioner

SUBJECT: State Aid Advance for Lakewood School District Under the *School District Fiscal Accountability Act*

Pursuant to N.J.S.A. 18A:7A-56, I am writing you to recommend the advance of \$4,000,000 in state aid from the School District Deficit Relief account (15-100-034-5120-489) to the Lakewood School District. The Department finds that this advance payment is necessary to ensure the provision of a thorough and efficient education.

Mr. Michael Azzara has served as state monitor in the Lakewood School District since April 2014, along with Mr. David Shafter and Mrs. Theresa Pollifrone-Sinatra who have been serving as assistant state monitors since September 2014 and February 2015, respectively. They continue to work with the district on the following:

- Meet with administration and Board of Education to develop an understanding of the issues and causes of the deficit situation;
- Review all expenditures of the district;
- Review grant funding and expenditures to ensure funds will be expended prior to the end of the grant period in accordance with the terms of the grant; and
- Review the corrective action plan and audit recommendations for fiscal year 2014-2015.

In addition, as part of the ongoing work as state monitor and assistant state monitors, all purchase orders are being reviewed prior to issuance and they are restricting any unnecessary purchases and reviewing and approving monthly bill lists.

Due to the amount of the advance and its impact on local taxpayers, I recommend a ten-year term for repayment. In anticipation of this loan, the district is including the first year's repayment of \$400,000 in its 2015-2016 budget. Upon approval and issuance of the advance, this repayment will be effectuated by the Department through automatic deductions in the state

Andrew P. Sidamon-Eristoff

May 4, 2015

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aid provided to the school district. At this time, there is no recommendation for the assessment of interest. We can discuss this further and may determine to impose interest on the unpaid balance in the future pursuant to N.J.S.A. 18A:7A-56(b).

Thank you for your prompt attention to this matter. If you have questions or require additional information, please contact Glenn Forney, director, Office of State Monitors at (609) 943-4115.

DCH/TM/GF/tch

c: William Haldeman
Timothy Matheney
Kevin Dehmer
Yut'se Thomas
Glenn Forney
David Joye
Cindy Lee
Charlene Holzbaur

EXHIBIT B



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

June 10, 2015

TO: Andrew P. Sidamon-Eristoff
State Treasurer

FROM: David C. Hespe
Commissioner

SUBJECT: State Aid Advance for Lakewood School District Under the *School District Fiscal Accountability Act*

Pursuant to N.J.S.A. 18A:7A-56, I am writing you to recommend the advance of \$4,500,000 in state aid from the School District Deficit Relief account (15-100-034-5120-489) to the Lakewood School District. The Department finds that this advance payment is necessary to ensure the provision of a thorough and efficient education.

Mr. Michael Azzara has served as state monitor in the Lakewood School District since April 2014, along with Mr. David Shafter and Mrs. Theresa Pollifrone-Sinatra who have been serving as assistant state monitors since September 2014 and February 2015, respectively. They continue to work with the district on the following:

- Meet with administration and Board of Education to develop an understanding of the issues and causes of the deficit situation;
- Review all expenditures of the district;
- Review grant funding and expenditures to ensure funds will be expended prior to the end of the grant period in accordance with the terms of the grant; and
- Review the corrective action plan and audit recommendations for fiscal year 2014-2015.

In addition, as part of the ongoing work as state monitor and assistant state monitors, all purchase orders are being reviewed prior to issuance and they are restricting any unnecessary purchases and reviewing and approving monthly bill lists.

Due to the amount of the advance and its impact on local taxpayers, I recommend a ten-year term for repayment. In anticipation of this loan, the district is including the first year's repayment of \$450,000 in its 2015-2016 budget. Upon approval and issuance of the advance, this repayment will be effectuated by the Department through automatic deductions in the state

Andrew P. Sidamon-Eristoff

June 10, 2015

Page 2

aid provided to the school district. At this time, there is no recommendation for the assessment of interest. We can discuss this further and may determine to impose interest on the unpaid balance in the future pursuant to N.J.S.A. 18A:7A-56(b).

Thank you for your prompt attention to this matter. If you have questions or require additional information, please contact Glenn Forney, director, Office of State Monitors at (609) 943-4115.

DCH/TM/GF/tch

c: William Haldeman
Timothy Matheney
Kevin Dehmer
Yut'se Thomas
Glenn Forney
David Joye
Cindy Lee
Charlene Holzbaur

EXHIBIT C



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

June 16, 2015

TO: Andrew P. Sidamon-Eristoff
State Treasurer

FROM: David C. Hespe
Commissioner

SUBJECT: State Aid Advance for Lakewood School District Under the *School District Fiscal Accountability Act*

Pursuant to N.J.S.A. 18A:7A-56, I am writing you to recommend the advance of \$4,500,000 in state aid in state aid from the School District Deficit Relief account (15-100-034-5120-489) to the Lakewood School District. The Department finds that this advance payment is necessary to ensure the provision of a thorough and efficient education.

Mr. Michael Azzara has served as state monitor in the Lakewood School District since April 2014, along with Mr. David Shafter and Mrs. Theresa Pollifrone-Sinatra who have been serving as assistant state monitors since September 2014 and February 2015, respectively. They continue to work with the district on the following:

- Meet with administration and Board of Education to develop an understanding of the issues and causes of the deficit situation;
- Review all expenditures of the district;
- Review grant funding and expenditures to ensure funds will be expended prior to the end of the grant period in accordance with the terms of the grant; and
- Review the corrective action plan and audit recommendations for fiscal year 2014-15.

In addition, as part of the ongoing work as state monitor and assistant state monitors, all purchase orders are being reviewed prior to issuance and they are restricting any unnecessary purchases and reviewing and approving monthly bill lists.

Due to amount of the advance and its impact on local taxpayers, I recommend a ten-year term for repayment. In anticipation of this loan, the district is including the first year's repayment of \$450,000 in its 2015-2016 budget. Upon approval and issuance of the advance, this

Andrew P. Sidamon-Eristoff
June 16, 2012
Page 2

repayment will be effectuated by the Department through automatic deductions in the state aid provided to the school district. At this time, there is no recommendation for the assessment of interest. We can discuss this further and may determine to impose interest on the unpaid balance in the future pursuant to N.J.S.A. 18A:7A-56(b).

Please note that this letter supercedes the previous Lakewood Loan request and is not in addition to.

Thank you for your prompt attention to this matter. If you have questions or require additional information, please contact Glenn Forney, director, Office of State Monitors at (609) 943-4115.

DCH/TM/GF/tch
c: William Haldeman
Timothy Matheney
Kevin Dehmer
Yut'se Thomas
Glenn Forney
David Joye
Cindy Lee
Charlene Holzbaur

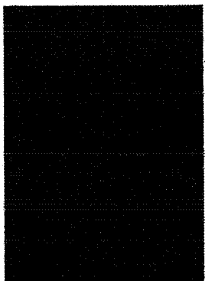


EXHIBIT D



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

June 23, 2016

TO: Ford M. Scudder
Acting State Treasurer

FROM: David C. Hespe
Commissioner

SUBJECT: State Aid Advance for Lakewood School District Under the *School District Fiscal Accountability Act*

Pursuant to N.J.S.A. 18A:7A-56, I am writing you to recommend the advance of \$5,640,183 in state aid from the School District Deficit Relief account (16-100-034-5120-489) to the Lakewood School District. The Department finds that this advance payment is necessary to ensure the provision of a thorough and efficient education.

The Lakewood School District will have an estimated deficit of \$12,031,986 for the fiscal year ending June 30, 2016. The total deficit includes \$2,952,396 budgetary deficit for the year ending June 30, 2015 and an estimated deficit for the current school year of \$9,079,590. The cause of the current year deficit is an estimated over expenditure of \$7,263,934 in regular transportation and aid in lieu accounts, \$1,402,237 in special education transportation accounts and a \$1,503,412 over expenditure in tuition accounts. This is offset by a \$1,000,000 grant from Lakewood Township for non-mandated transportation not included in the original budget and \$89,993 in excess of budgets in other local revenue lines and extraordinary aid.

The district's total deficit of \$12,031,986 includes an over expenditure of funds for courtesy busing for the current year. The amount requested for the advance of state aid of \$5,640,183 does not include the over expenditure for courtesy busing and will not be used to offset such costs.

Mr. Michael Azzara has served as state monitor in the Lakewood School District since April 2014, along with Mr. David Shafter and Mrs. Theresa Pollifrone-Sinatra who have been serving as assistant state monitors since September 2014 and February 2015, respectively. They continue to work with the district on the following:

- Meet with administration and Board of Education to develop an understanding of the issues and causes of the deficit situation;
- Review all expenditures of the district;

Ford M. Scudder
June 23, 2016
Page 2

- Review grant funding and expenditures to ensure funds will be expended prior to the end of the grant period in accordance with the terms of the grant; and
- Review the corrective action plan and audit recommendations for fiscal year 2014-2015.

In addition, as part of the ongoing work as state monitor and assistant state monitors, all purchase orders are being reviewed prior to issuance and they are restricting any unnecessary purchases and reviewing and approving monthly bill lists:

Due to the amount of the advance and its impact on local taxpayers, I recommend a ten-year term for repayment. The first repayment installment of \$564,018 will be due in the 2016-2017 school year. Upon approval and issuance of the advance, this repayment will be effectuated by the Department through automatic deductions in the state aid provided to the school district. At this time, there is no recommendation for the assessment of interest. We can discuss this further and may determine to impose interest on the unpaid balance in the future pursuant to N.J.S.A. 18A:7A-56(b).

Thank you for your prompt attention to this matter. If you have questions or require additional information, please contact Glenn Forney, executive director, Office of State Monitors at (609) 943-4115.

DCH/KD/GF/tch

c: Patricia Morgan
William Haldeman
Kevin Dehmer
Yur'se Thomas
Glenn Forney
David Joye
Cindy Lee
David Ridolfino

EXHIBIT E



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

KIMBERLEY HARRINGTON
Commissioner

November 9, 2017

TO: Ford M. Scudder
State Treasurer

FROM: Kimberley Harrington
Commissioner

SUBJECT: State Aid Advance for Lakewood School District under the School District Fiscal Accountability Act

Pursuant to *N.J.S.A. 18A:7A-56*, I am writing you to recommend the advance of \$8,522,678 in state aid from the School District Deficit Relief account (18-100-034-5120-489) to the Lakewood School District. The Department finds that this advance payment is necessary to ensure the provision of a thorough and efficient education.

The Lakewood School District will have an estimated deficit of \$12,031,986 for the fiscal year ending June 30, 2018. The amount requested for the advance of state aid of \$8,522,678 is needed to allow the district to meet the needs of its students and provide a thorough and efficient education.

Mr. David Shafter has served as assistant state monitor in the Lakewood School District since September 2016 and as state monitor since September 2017, along with Mr. Michael Azzara. The state monitors continue to work with the district in helping the administration and Board of Education develop an understanding of the issues and causes of the deficit situation. They also review all expenditures of the district and review grant funding and expenditures to ensure funds will be expended prior to the end of the grant period in accordance with the terms of the grant in addition to reviewing the corrective action plan and audit recommendations for the prior fiscal year.

As part of the ongoing work as state monitors, all purchase orders are being reviewed prior to issuance and they are restricting any unnecessary purchases and reviewing and approving monthly bill lists.

Due to the amount of the advance and its impact on local taxpayers, I recommend a ten-year term for repayment. The first repayment installment of \$852,267.80 will be due in the 2018-2019 school year. Upon approval and issuance of the advance, this repayment will be

Ford M. Scudder
Page 2
November 9, 2017

effectuated by the Department through automatic deductions in the state aid provided to the school district. At this time, there is no recommendation for the assessment of interest. We can discuss this further and may determine to impose interest on the unpaid balance in the future pursuant to *N.J.S.A. 18A:7A-56(b)*.

Thank you for your prompt attention to this matter. If you have questions or require additional information, please contact Glenn Forney, executive director, Office of State Monitors at (609) 376-3954.

KH/KI/GI/tch
c: Chris Huber
Kevin Dehmer
Yul'se Thomas
Glenn Forney
Amanda Schultz
Cindy Lee
David Ridollino