

***TOWNSHIP OF EDISON
SCHOOL DISTRICT
COUNTY OF MIDDLESEX, NEW JERSEY***

***AUDITORS MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016***

HODULIK & MORRISON, P.A.
*CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
HIGHLAND PARK, N.J.*

EDISON SCHOOL DISTRICT
MIDDLESEX COUNTY, NEW JERSEY

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
Township of Edison School District
Middlesex County
Edison, New Jersey

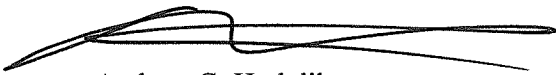
We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the basic financial statements of the Board of Education of the Township of Edison School District in the County of Middlesex for the year ended June 30, 2016, and have issued our report thereon dated November 30, 2016.

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 for the information of the Township of Edison Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants


Andrew G. Hodulik
Certified Public Accountant
Public School Accountant #841

November 30, 2016
Highland Park, New Jersey

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

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

Official Bonds

The following positions were covered by Surety Bonds:

Daniel P. Michaud, Business Administrator/ Board Secretary	\$750,000.00
Michael Hom, Assistant Board Administrator	250,000.00
Faithful Performance Blanket Position Coverage	250,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Differences in the actual costs as certified by the Department of Education pursuant to the provisions of N.J.A.C. 6A:23-3.1, from estimated costs billed by the Board during the period were negligible. The Board made adjustments to the billings of sending districts for the adjustment in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review was performed. No exceptions of substance were noted with respect to the processing of vouchers for those items tested.

Payroll Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30 for proper classification of orders 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 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. There were no errors noted for the items tested.

Board Secretary's Records

The review of the financial and accounting records maintained by the District disclosed the following:

Fixed Asset Reporting System

The District's fixed asset reporting system utilizes a spreadsheet format to account for fixed assets activity. During the year under review, the District had a physical inventory performed, which, in addition to providing an upgrade to the reporting system, also identified obsolete items and items no longer in use.

General Ledger Cash Reporting

A review of bank reconciliations as agreed to reported general ledger balances indicated minor differences that required general ledger adjustments.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D.)

Workers Compensation Internal Service Fund

As disclosed in the Notes to Financial Statements contained in the Board's CAFR, the Board maintains a self-insurance fund for its compensation claims prior to July 1, 2011. The Board has recorded in full its estimated liability for reported claims at June 30, 2016 in the amount of \$607,919.55 within the estimated liability reserve. The District has converted its Workers' Compensation coverage to a traditional risk transfer premium program beginning July 1, 2011.

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, II and III of the Elementary and Secondary School Improvement Act, as amended and reauthorized.

The study of compliance for E.S.E.A. indicated there are no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

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

The examination 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. The schedules indicate amounts due to grantor at June 30, 2016 that is the result of audit review and therefore no recommendation is presented.

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 for items tested. Additionally, reimbursement to the State for TPAF/FICA payments was made timely.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states"

"a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotes. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) the board of education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by general delegation of the power to negotiate and award such contracts pursuant to this section."

"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 and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section to the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1, of the year in which it is made."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder 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 N.J.S.A. §18A: 18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of the examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," 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.

SCHOOL PURCHASING PROGRAMS (Cont'd.)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd.)

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

The results of the audit indicated that the existing procurement policies and procedures were adequate in most cases to identify contemplated purchases, which required additional procedures (quotes, bids, etc.) to comply with the provisions of the School Contracts Law.

OTHER MATTERS

School Food Service Fund

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether a) the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and b) the SFA's expenditures of school service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts and eligibility applications were reviewed on a test check basis.

Cash receipts and bank records were reviewed for timely deposit.

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. No exceptions noted for items tested.

The district utilizes a food service management company and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. No exceptions noted for items tested.

Expenses were separately recorded as food, labor, benefits and other costs. Vendor invoices were reviewed and costs verified. Inventory records were maintained current and properly applied in determining the cost of food and supplies used. No exceptions noted.

The cash disbursement records reflected expenditures for program and 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.

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/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 price meal and free milk policy is uniformly administered throughout the school system. The required verification policy procedures for free and reduced price applications were completed and available for review. No exceptions noted.

OTHER MATTERS (CONT'D.)

School Food Service Fund (Cont'd.)

U.S.D.A. commodities were received and single inventory records were maintained on a first-in, first-out basis.

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

Student Activity and Athletic Funds

The recordkeeping of the various student activities funds was reviewed for the 2015-16 school year. Minor exceptions were noted with respect to the purchase of non-student related items within the student activity funds. The Board has adopted a policy that outlines the acceptable procedures for the processing of expenses for the school principals. The Board should continue to monitor the student activities funds for improvement in the quality of recordkeeping.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Applications 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 workpapers, with 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 has written procedures for the recording of student enrollment data.

Pupil Transportation

Our procedures included a test of on-roll status reported in the applicable year District Report of Resident Transported Students (DRTRS). The information included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions noted. 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 and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services, for items tested.

OTHER MATTERS (CONT'D.)

Grant Administration

During the school year, the District operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the District is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. A finding noted in the previous year with respect to the remittance of unused grant funds to the grantor agency upon the closeout of a grant is an example of compliance requirements. In addition, as with other local entities, due to weaknesses in the grant notification process followed by certain agencies that pass-through federal and state assistance to the District, the District does not always receive accurate and timely information with respect to grant funding sources, along with the relevant CFDA and account number information from its grantor agencies, which can inhibit the preparation of the schedules of financial assistance. Based upon the myriad compliance and reporting requirements for grant awards, the District should continue to develop sound administrative functions over grant programs.

The acceptance of grant funds also places additional requirements upon the District with respect to the District's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the District's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. We suggest the District review all of the applicable grant requirements in conjunction with the District's system of internal controls in order to ensure the District's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

Internal Control Documentation

In addition to internal control documentation as required by auditing standards, N.J.A.C. 6A:23A-6.5 through 6.13 set forth specific requirements with respect to internal control policies that are required to be in place.

The District has initiated the process of documenting its internal controls. This course of action should continue as a component of the District's internal controls and will also serve the purpose of meeting certain requirements as set forth by Statement on Auditing Standards Nos. 112 and 115. We suggest the District continue this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance. As set forth in SAS 112, dependent upon the complexity of the entity's internal control systems, the lack of documentation can be considered a control or significant deficiency in the entity's internal controls.

Review of Prior Years Findings

In accordance with government auditing standards, our procedures included a review of prior year findings and corrective action has been taken on the prior year findings.

RECOMMENDATIONS:

None

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Andrew G. Hodulik
Certified Public Accountant
Public School Accountant #841

SCHEDULE OF MEAL COUNT ACTIVITY

EDISON TOWNSHIP SCHOOL DISTRICT
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER) / UNDER CLAIM
 ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

July 1, 2015 - June 30, 2016

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>FEDERAL RATE</u>	<u>(OVER) / UNDER CLAIM</u>
National School Lunch (Regular Rate)	Paid	522,909	522,909	522,909	-	0.290	\$ -
	Reduced	78,753	78,753	78,753	-	2.680	-
	Free	28,846	28,846	28,846	-	3.070	-
	Total	630,508	630,508	630,508	-		\$ -
National School Lunch (Performance Based Rate)	Paid	522,909	522,909	522,909	-	0.060	\$ -
	Reduced	78,753	78,753	78,753	-	0.060	-
	Free	28,846	28,846	28,846	-	0.060	-
	Total	630,508	630,508	630,508	-		\$ -
School Breakfast Program (Regular Rate)	Paid	13,633	13,633	13,633	-	0.290	\$ -
	Reduced	17,464	17,464	17,464	-	1.360	-
	Free	6,493	6,493	6,493	-	1.660	-
	Total	37,590	37,590	37,590	-		\$ -
School Breakfast Program (Severe Need Rate)	Paid	24,702	24,702	24,702	-	0.290	\$ -
	Reduced	43,557	43,557	43,557	-	1.690	-
	Free	159,241	159,241	159,241	-	1.990	-
	Total	227,500	227,500	227,500	-		\$ -
After School Snacks	Paid		0	0	-	0.070	\$ -
	Total	0	0	0	-		\$ -
						<u>N.J. STATE RATE</u>	
N. J. State Reimbursement: (Lunch)	Paid	52,909	52,909	52,909	-	0.040	\$ -
	Reduced	78,753	78,753	78,753	-	0.055	-
	Free	278,846	278,846	278,846	-	0.055	-
	Total	410,508	410,508	410,508	-		\$ -

**EDISON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND**

NET CASH RESOURCE SCHEDULE

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2016**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	24,288.22
B-4		Due from Other Gov'ts	153,804.49
B-4		Accounts Receivable	57,558.70
B-4		Due from other Funds	191,255.24
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>141,168.04</u>
		Net Cash Resources	<u><u>568,074.69</u></u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	4,609,034.48
B-5		Less Depreciation	<u>170,763.00</u>
		Adj. Tot. Oper. Exp.	<u><u>4,779,797.48</u></u> (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u><u>477,979.75</u></u> (C)
 <u>Three times monthly Average:</u>			
		3 X C	<u><u>1,433,939.24</u></u> (D)

TOTAL IN BOX A	\$	568,075
LESS TOTAL IN BOX D	\$	<u>1,433,939</u>
NET	\$	<u><u>(865,865)</u></u>
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

SCHEDULE OF AUDITED ENROLLMENTS

**EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers Reported on		Sample Selected From Workpapers		Registers Verified per On Roll		Reported on A.S.S.A. Private Schools		Sample for Verification		Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	23		23		1		1							
Full Day Preschool	28		28											
Half Day Kindergarten	842		842		21		21							
Full Day Kindergarten														
One	1142		1142		23		23							
Two	1159		1159		24		24							
Three	1207		1207		22		22							
Four	1163		1163		22		22							
Five	1118		1118		13		13							
Six	1075		1075		23		23							
Seven	1119		1119		23		23							
Eight	999		999		23	1	23	1						
Nine	962		962		22		22							
Ten	952		952		19		19							
Eleven	942		942		30		30							
Twelve	896		896		24		24							
Subtotals	13,627		13,627		290	1	290	1						
Special Ed - Elementary	622		623	(1)	12		12		23		18		18	
Special Ed - Middle School	313	19	312	19	6		6		12		10		10	
Special Ed - High School	418	10	418	10	9		9		52		38		38	
Subtotals	1353	29	1353	29	27		27		87		66		66	
Totals	14,980	29	14,980	29	317	1	317	1	87		66		66	

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS

EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
#REF!

	Resident Low Income			Sample for Verification			Resident LEP 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 Bilingual Education	Reported on Workpapers As Bilingual Education	Sample Errors	Sample Selected from Work papers	Verified to Test Score and Register	Sample Errors
Pre K	66	66		1	1		9	8	1	1	1	
Kindergarten	183	183		20	20		25	25	8	8	8	
One	194	194		19	19		20	20	11	11	11	
Two	194	194		26	26		10	10	4	4	4	
Three	176	176		18	18		4	4	1	1	1	
Four	187	187		13	13		6	6	3	3	3	
Five	177	177		15	15		4	4	2	2	2	
Six	192	192		17	17		10	10	5	5	5	
Seven	217	217		15	15		6	6	2	2	2	
Eight	200	200		30	30		10	10	5	5	5	
Nine	190	190		17	17		15	15	10	10	10	
Ten	233	233		29	29		15	15	7	7	7	
Eleven	211	211		25	25		13	13	8	8	8	
Twelve												
Subtotals	2,420.0	2,420		245	245		147	146	1	67	67	
Sp Ed - Elementary	204	204		25	25							
Sp Ed - Middle School	140.5	140.5		10	10							
Sp Ed - High School	202	202		13	13		3	3				
Subtotals	546.5	546.5		48	48		3	3				
Totals	2,967	2,967		293	293		150	149	1	67	67	
Percentage Error									0.67%			

	Transportation		
	Reported on DRTS by DOE	Reported on DRTS by District	Errors
Reg. - Public Schools	4,924	4,924	
Reg-SpEd	101	101	
Transported-Non-Public AIL	485	485	
Transported - Non-Public	436	436	
Special Ed Spec. col. 6	525	525	
Totals	6,470.0	6,470	2
Percentage Error			0.65%

Reg. Avg. Mileage - Regular Including Grade PK Students (Part A) 4.05
 Reg. Avg. Mileage - Regular Excluding Grade PK Students (Part B) 4.05
 Spec. Avg. - Special Ed. With Special Needs 8.9

SCHEDULE OF AUDITED ENROLLMENTS

EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENTS AS OF OCTOBER 15, 2015

	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.S.S.A. As Bilingual Education	Reported on Workpapers As Bilingual Education	Sample Selected from Work papers	Verified to Application and Register	Sample Errors
Pre K					
Kindergarten	34	35	18	18	
One	40	40	12	12	
Two	18	18	10	10	
Three	15	15	8	8	
Four	9	9	4	4	
Five	12	12	7	7	
Six	9	9	8	8	
Seven	6	6	6	6	
Eight	9	9	6	6	
Nine	11	11	6	6	
Ten	10	10	5	5	
Eleven	6	6	4	4	
Twelve	7	7	1	1	
Subtotals	186	187	95	95	
Sp Ed - Elementary					
Sp Ed - Middle School					
Sp Ed - High School					
Subtotals					
Totals	186	187	95	95	
Percentage Error					-0.54%

**Edison School District
Middlesex County, New Jersey**

Year Ended
06.30.16

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR, Ex. C-1		\$	<u>251,851,670.20</u>		(B)
Increased by:					
Transfer from Capital Outlay to Capital Projects Fund		\$	_____		(B1a)
Transfer from Capital Reserve to Capital Projects Fund		\$	_____		(B1b)
Transfer from General Fund to SRF for PreK-Regular		\$	-		(B1c)
Transfer from General Fund to SRF for PreK-Inclusion		\$	-		(B1d)
Decreased by:					
On-Behalf TPAF Pension/Medical & Social Security		\$	<u>26,731,871.63</u>		(B2a)
Assets Acquired Under Capital Leases		\$	-		(B2b)
 Adjusted 2015-2016 General Fund Expenditures ((B)+(B1s)-(B2s))		\$	<u><u>225,119,798.57</u></u>		(B3)
 2% of Adjusted 2015-2016 General Fund Expenditures (B3) times .02		\$	<u>4,502,395.97</u>		(B4)
Enter Greater of (B4) or \$250,000		\$	<u>4,502,395.97</u>		(B5)
Increased by: Allowable Adjustment*		\$	<u>1,138,523.00</u>		(K)
 Maximum Unreserved/Undesignated Fund Balance ((B5)+(K))				\$	<u><u>5,640,918.97</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)		\$	<u>11,457,918.71</u>		(C)
Decreased by:					
Reserve for Encumbrances		\$	-		(C1)
Legally Restricted -Designated for Subsequent Year's Expenditures		\$	<u>2,325,345.79</u>		(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **		\$	-		(C3)
Other Restricted Fund Balances****		\$	<u>2,268,269.15</u>		(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures		\$	-		(C5)
 Total Unassigned Fund Balance ((C)-(C1)-(C2)-(C3)-(C4)-(C5)				\$	<u><u>6,864,303.77</u></u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- \$ 1,223,384.80 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)
Reserved Excess Surplus*** (E)	\$ <u>1,223,384.80</u> (E)
Total Excess Surplus ((C3) +(E))	\$ <u><u>1,223,384.80</u></u> (D)

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, 2016 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 (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>1,021,464.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>117,059.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	 \$ <u>1,138,523.00</u> (K)

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2016 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital Reserve	\$ <u>1,014,107.83</u>
Maintenance Reserve	\$ <u>254,161.32</u>
Emergency Reserve	\$ <u>1,000,000.00</u>
Tuition Reserve	\$ _____
School Bus Advertisiing 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertisiing 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
(Other Reserved Fund Balance not noted above)****	\$ _____
 Total Other Reserved Fund Balance	 \$ <u>2,268,269.15</u> (C4)