

***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, 2017***

***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, 2017, and have issued our report thereon dated November 14, 2017.

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 14, 2017
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	500,000.00

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 was completed. The records were found to well maintained.

Fixed Asset Reporting System

The District had a third-party inventory company review and update the fixed asset report for the June 30, 2017 year end.

General Ledger Cash Reporting

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

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, 2017 in the amount of \$99,849.15 within the estimated liability reserve. The District has converted its Workers' Compensation coverage to a traditional risk transfer premium program beginning July 1, 2011.

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

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 financial transactions and statistical records of the school food services were reviewed and found to be 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 (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$310,000. The operating results provision has been met. 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Fund employees authorized by the board of education. No exceptions were noted.

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.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The school district did provide the detailed revenue and expenditure information necessary to execute the USDA mandated Non-Program Revenue Tool.

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 2016-17 school year. 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, 2016 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 2016-17 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.

EDISON TOWNSHIP SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations

There were no prior year recommendations as a result no correction action was required.

Acknowledgement

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.

Respectively 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, 2017

July 1, 2016 - June 30, 2017

<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	509,012	509,012	509,012	-	0.290	\$ -
	Reduced	71,409	71,409	71,409	-	2.680	-
	Free	291,020	291,020	291,020	-	3.070	-
Total		<u>871,441</u>	<u>871,441</u>	<u>871,441</u>	<u>-</u>		<u>\$ -</u>
National School Lunch (Performance Based Rate)	Paid	509,012	509,012	509,012	-	0.060	\$ -
	Reduced	71,409	71,409	71,409	-	0.060	-
	Free	291,020	291,020	291,020	-	0.060	-
Total		<u>871,441</u>	<u>871,441</u>	<u>871,441</u>	<u>-</u>		<u>\$ -</u>
School Breakfast Program (Regular Rate)	Paid	29,675	29,675	29,675	-	0.290	\$ -
	Reduced	62,449	62,449	62,449	-	1.360	-
	Free	262,297	262,297	262,297	-	1.660	-
Total		<u>354,421</u>	<u>354,421</u>	<u>354,421</u>	<u>-</u>		<u>\$ -</u>
School Breakfast Program (Severe Need Rate)	Paid	29,675	29,675	29,675	-	0.290	\$ -
	Reduced	62,449	62,449	62,449	-	1.690	-
	Free	262,297	262,297	262,297	-	1.990	-
Total		<u>354,421</u>	<u>354,421</u>	<u>354,421</u>	<u>-</u>		<u>\$ -</u>
After School Snacks	Paid		0	0	-	0.070	\$ -
Total		<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>		<u>\$ -</u>
						<u>N.J STATE RATE</u>	
<u>N. J. State Reimbursement:</u> (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		<u>410,508</u>	<u>410,508</u>	<u>410,508</u>	<u>-</u>		<u>\$ -</u>

**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 2017**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 2,522,867
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	\$ 158,266
B-4		Due from other Funds	
B-4		Investments	\$ 95,987
CAFR		Current Liabilities	
B-4		Less Accounts Payable	\$ (41,056)
B-4		Less Accruals	
B-4		Less Due to Other Funds	\$ (2,188,562)
B-4		Less Deferred Revenue	<u>\$ 141,168</u>
		Net Cash Resources	<u><u>\$ 688,670</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 4,828,483	
B-5	Less Depreciation	<u>\$ (33,729)</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 4,794,754</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>\$ 479,475</u></u>	(C)
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Three times monthly Average:

3 X C	<u><u>\$ 1,438,426</u></u>	(D)
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TOTAL IN BOX A	<u>\$ 688,670</u>
LESS TOTAL IN BOX D	<u>\$ 1,438,426</u>
NET	<u><u>\$ (749,756)</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 14, 2016

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors		Reported on A.S.S.A. Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	53		53													
Full Day Preschool																
Half Day Kindergarten	847		847					15	15							
Full Day Kindergarten																
One	1203		1203					33	33							
Two	1204		1204					18	18							
Three	1186		1186					15	15							
Four	1231		1231					25	25							
Five	1192		1192					33	33							
Six	1119		1119					30	30							
Seven	1071		1071					15	15							
Eight	1135		1135					24	24							
Nine	963		963					19	19							
Ten	972		972					20	20							
Eleven	991		991					27	27							
Twelve	947		947					20	20							
Subtotals	14,114		14,114					294	294							
Special Ed - Elementary	657		657					11	11				25	17	17	
Special Ed - Middle School	323	9	323	9				4	4				15	10	10	
Special Ed - High School	392	17	392	17				9	9				50	41	41	
Subtotals	1372	26	1372	26				24	24				90	68	68	
Totals	15,486	26	15,486	26				318	318				90	68	68	
Percentage Error																

SCHEDULE OF AUDITED ENROLLMENTS

EDISON TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2016

	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												
Kindergarten	120	120		1	1		17	17		11	11	
One	194	194		20	20		27	27		17	17	
Two	191	191		19	19		13	13		8	8	
Three	219	219		26	26		8	8		5	5	
Four	221	221		18	18		7	7		4	4	
Five	210	210		13	13		4	4		2	2	
Six	199	199		15	15		5	5		3	3	
Seven	191	191		17	17		13	13		8	8	
Eight	216	216		15	15		15	15		9	9	
Nine	218	218		30	30		13	13		8	8	
Ten	214	214		17	17		12	12		7	7	
Eleven	220	220		29	29		22	22		14	14	
Twelve	242	242		25	25		11	11		7	7	
Subtotals	2,655.0	2,655		245	245		167	167		103	103	
Sp Ed - Elementary	217	217		25	25							
Sp Ed - Middle School	145.5	145.5		10	10							
Sp Ed - High School	178.5	178.5		13	13		1	1		1	1	
Subtotals	541	541		48	48		1	1		1	1	
Totals	3,196	3,196		293	293		168	168		104	104	
Percentage Error												

	Transportation						Reported Recalculated	
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools	5,123	5,123		240	240	0		
Reg -SpEd	104	104		5	5	0	4.1	4.11
Transported-Non-Public AIL	651	651		30	30	0	4.1	4.11
Transported - Non-Public	238	238		11	11	0	9.0	9.0
Special Ed Spec, col. 6	546	546		26	26	0		
Totals	6,661	6,661		312	312	(0)		
Percentage Error					0.00%			

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

SCHEDULE OF AUDITED ENROLLMENTS

EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. As Bilingual Education</u>	<u>Reported on Workpapers As Bilingual Education</u>	<u>Sample Errors</u>	<u>Sample Selected from Work papers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Pre K						
Kindergarten	59	59		58	58	
One	35	35		35	35	
Two	19	19		19	19	
Three	13	13		13	13	
Four	11	11		11	11	
Five	7	7		7	7	
Six	15	15		14	14	
Seven	6	6		6	6	
Eight	10	10		10	10	
Nine	9	9		9	9	
Ten	11	11		11	11	
Eleven	15	15		15	15	
Twelve	4	4		4	4	
Subtotals	<u>214</u>	<u>214</u>		<u>212</u>	<u>212</u>	
Sp Ed - Elementary				1	1	
Sp Ed - Middle School						
Sp Ed - High School						
Subtotals				<u>1</u>	<u>1</u>	
Totals	<u>214</u>	<u>214</u>		<u>213</u>	<u>213</u>	
Percentage Error						

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

Year Ended
06.30.17

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures per the CAFR		\$	<u>251,171,523.66</u>		(B)
Increased by:					
Transfer from Capital Outlay to Capital Projects Fund		\$	<u>6,392,014.00</u>		(B1a)
Transfer from Capital Reserve to Capital Projects Fund		\$	<u>1,000,000.00</u>		(B1b)
Transfer from General Fund to SPR Fund for PreK-Regular		\$	<u> </u>		(B1c)
Transfer from General Fund to SPR Fund for PreK-Inclusion		\$	<u> </u>		(B1d)
Decreased by:					
On-Behalf TPAF Pension/Medical & Social Security		\$	<u>30,146,779.47</u>		(B2a)
Assets Acquired Under Capital Leases		\$	<u>1,277,099.35</u>		(B2b)
Adjustments for Disallowed Expenditures per S1701		\$	<u> </u>		(B2c)
Adjusted 2016-2017 General Fund Expenditures ((B)+(B1s)-(B2s))		\$	<u><u>227,139,658.84</u></u>		(B3)
2% of Adjusted 2015-2016 General Fund Expenditures (B3) times .02)		\$	<u>4,542,793.18</u>		(B4)
Enter Greater of (B4) or \$250,000		\$	<u>4,542,793.18</u>		(B5)
Increased by: Allowable Adjustment*		\$	<u>857,508.00</u>		(K)
Maximum Unreserved/Undesignated Fund Balance ((B5)+(K))				\$	<u><u>5,400,301.18</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/17 (Per CAFR Budgetary Comparison schedule/statement)		\$	<u>13,531,462.84</u>		(C)
Decreased by:					
Year-end Encumbrances		\$	<u> </u>		(C1)
Legally Restricted -Designated for Subsequent Year's Expenditures		\$	<u> </u>		(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **		\$	<u>1,223,384.80</u>		(C3)
Other Reserved Fund Balances****		\$	<u>2,272,578.40</u>		(C4)
Unreserved - Designated for Subsequent Year's Expenditures		\$	<u>776,615.20</u>		(C5)
Total Unreserved/Undesignated Fund Balance ((C)-(C1)-(C2)-(C3)-(C4)-(C5))				\$	<u><u>9,258,884.44</u></u> (U1)

SECTION 3

Reserved Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- \$ 3,858,583.26 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>1,223,384.80</u> (C3)
Reserved Excess Surplus*** (E)	\$ <u>3,858,583.26</u> (E)
Total ((C3) +(E))	\$ <u><u>5,081,968.06</u></u> (D)

Footnotes:

* This adjustment line(as detailed below) is to be utilized for Impact Aid, (when applicable) Sale and Leaseback (Refer to audit Program Section 10), Extraordinary Aid, and Additional Nonpublic School Transportation Aid, if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.)

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>741,043.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>116,465.00</u> (J2)
Unbudgeted TPAF Wage Freeze Grant Funding	\$ _____ (J3)
Total Adjustments ((H)+(I)+(J1)+(J2)+(J3))	\$ <u>857,508.00</u> (K)

** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2017 CAFR and the sum of the two lines must agree to Audit Summary Worksheet 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	\$ _____
Capital Outlay for a district with a capital outlay SGLA	\$ _____
Sale/lease-back reserve	\$ _____
Capital Reserve	\$ <u>1,017,162.20</u>
Maintenance Reserve	\$ <u>255,416.20</u>
Emergency Reserve	\$ <u>1,000,000.00</u>
Tuition Reserve	\$ _____
Other state/government mandated reserve	\$ _____
(Other Reserved Fund Balance not noted above)****	\$ _____
Total Other Reserved Fund Balance	\$ <u>2,272,578.40</u> (C4)