

NEW BRUNSWICK BOARD OF EDUCATION

COUNTY OF MIDDLESEX

NEW JERSEY

AUDITOR'S MANAGEMENT REPORT

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

FISCAL YEAR ENDED

JUNE 30, 2017

PREPARED BY

**SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

**NEW BRUNSWICK BOARD OF EDUCATION
COUNTY OF MIDDLESEX
NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
New Brunswick School District
County of Middlesex, New Jersey 08903

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the New Brunswick Board of Education in the County of Middlesex, for the year ended June 30, 2017, and have issued our report thereon dated November 20, 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 New Brunswick 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.


JOSEPH J. FACCONE
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
November 20, 2017

NEW BRUNSWICK BOARD OF EDUCATION

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education. Our audit scope was increased to include a detail examination of the operations related to the awarding, processing and paying of claims by the School District.

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Richard D. Jannarone	Board Secretary/Business Administrator	\$500,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with the Zurich American Insurance Company covering all other employees with multiple coverage of \$250,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Examination of Claims

An examination of claims paid during the period under review revealed no discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The following procedures were followed with respect to payrolls:

Net salaries of all employees were deposited in the Payroll Bank Account.

All payroll deductions with Withholding Tax, Social Security, Employees' Pension Funds, Hospitalization Premiums and other items as well as the Board's Payroll Contributions, were deposited to the Payroll Agency Bank Account.

Payroll Account and Position Control Roster (Continued)

All payrolls were approved by the Superintendent of Schools and certified by the President and the Secretary of the Board of Education.

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

The propriety of deductions from individual salaries for Pensions, Social Security, Withholding Tax and other purposes was not verified as part of this examination.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for proper classification or 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 all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records and books of accounts maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

District funds were provided and expended in the proper GAAP account codes based upon audit testing of transactions.

The School District's double entry system of accounting records was maintained in accordance with the Department of Education's prescribed GAAP Technical System Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Elementary and Secondary Education Act (ESEA)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001

The ESEA/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 Title I and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for ESEA did not indicate any areas of noncompliance.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) reflected in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

TPAF 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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all Federal awards.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is \$18,800.00 for 2016-17.

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 our 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, as amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that purchases were made through the use of state contracts.

Student Activity Funds

Cash receipts and disbursements records submitted for examination were analyzed in detail. Cancelled checks and available vouchers and invoices were examined and compared to disbursement records.

School Food Service

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

Cash receipts and bank records were reviewed for timely deposits.

School Food Service (Continued)

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 break even. The operating results provision has been met.

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 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. Sites approved to participate in provisions complied with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were not maintained in order to substantiate the nonprofit status of the School Food Service.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education.

Finding 2017-01:

Supermarket Account

The School District established a Supermarket Account within the Proprietary Fund. Reconciliations were done monthly, however, this account should be made part of the monthly Board Secretary's Report. In addition, a separate General Ledger should be maintained and all expenditures should be approved by the School Board.

Recommendation:

That a General Ledger be established for the Supermarket Account and that all expenditures be approved by the School Board on a monthly bill list.

Finding 2017-02:

The Non-Program Food Revenue Tool, as prepared by the outside food service company, was not in agreement with actual collections. Therefore, we could not break out the Non-Program and Program Cost of Sales on the CAFR B-5 Schedule. As a result, the District is not in compliance with the guidance set forth by the State of New Jersey Department of Agriculture.

Recommendation:

That the Non-Program Food Revenue Tool be properly prepared by the outside food service company.

The number of meals claimed for reimbursement was compared to 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.

USDA Food Distribution Program (food and/or commodities) were received and a separate inventory was maintained on a first-in, first-out basis.

School Food Service (Continued)

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 in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (ASSA) 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 ASSA was compared to the District workpapers without exception. The information included as part of the workpapers was verified without exception. 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 adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for Lead of All Drinking Water in Educational Facilities

The School District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Follow-Up on Prior Year's Finding

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Miscellaneous

The minutes indicate that the Report on Examination of Accounts for the 2015-2016 fiscal year was reviewed by the Board, a synopsis thereof distributed at a public meeting and a public discussion held.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

Acknowledgment

We received the complete cooperation of all the officials of the School District and greatly appreciate the courtesies extended to the members of the audit team.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
November 20, 2017

NEW BRUNSWICK BOARD OF EDUCATION
ENTERPRISE FUND - FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
FOR THE FISCAL YEAR ENDED 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>RATE</u>	<u>(OVER)/ UNDER- CLAIM</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	140,027	140,027	140,027	None	\$0.040	None
State Reimbursement - National School Lunch (Regular Rate)	Free	1,191,444	1,191,444	1,191,444	None	0.055	None
	TOTAL	1,331,471	1,331,471	1,331,471			\$ -

NEW BRUNSWICK BOARD OF EDUCATION
ENTERPRISE FUND - FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
FOR THE FISCAL YEAR ENDED 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>RATE</u>	<u>(OVER)/ UNDER- CLAIM</u>
National School Lunch (Regular Rate)	Paid	140,027	140,027	140,027	None	\$ 0.32	None
National School Lunch (Regular Rate)	Free	1,191,444	1,191,444	1,191,444	None	3.18	None
	TOTAL	<u>1,331,471</u>	<u>1,331,471</u>	<u>1,331,471</u>			<u>None</u>
School Breakfast (Severe Rate)	Paid	97,404	97,404	97,404	None	0.29	None
School Breakfast (Severe Rate)	Free	851,570	851,570	521,570	None	2.04	None
	TOTAL	<u>948,974</u>	<u>948,974</u>	<u>618,974</u>			<u>None</u>
After School Snacks	Free (Area Eligible)	151,099	151,099	151,099	None	0.86	None
	TOTAL	<u>151,099</u>	<u>151,099</u>	<u>151,099</u>			<u>None</u>
Total Net (Over)/Underclaim							<u>\$ -</u>

NEW BRUNSWICK BOARD OF EDUCATION NET CASH RESOURCE SCHEDULE

Net Cash Resources 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	\$ 1,075,837.18	Cash & Cash Equiv.
B-4	1,183,786.47	Due from Other Gov'ts
B-4		Accounts Receivable
B-4		Investments
CAFR		Current Liabilities
B-4	(453,603.02)	Less Accounts Payable
B-4		Less Accruals
B-4	(547,341.69)	Less Due to Other Funds
B-4		Less Deferred Revenue
	<u>\$ 1,258,678.94</u>	Net Cash Resources (A)

Net Adj. Total Operating Expense:

B-5	8,170,360.99	Tot. Operating Exp.
B-5	<u>(26,681.93)</u>	Less Depreciation
	<u>\$ 8,143,679.06</u>	Adj. Tot. Oper. Exp. (B)

Average Monthly Operating Expense:

B / 10	<u>\$ 814,367.91</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 2,443,103.72</u>	(D)
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TOTAL IN BOX A	<u>\$ 1,258,678.94</u>
LESS TOTAL IN BOX D	<u>\$ 2,443,103.72</u>
NET	<u>\$ (1,184,424.78)</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

NEW BRUNSWICK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2015

	Reported on A.S.S.A On-Roll			2017-2018 Application for State School Aid Workpapers			Sample Selected from Workpapers			Sample Verified per Registrar			Errors per Registrar			Reported on A.S.S.A as Private Schools			Private Schools for Handicapped			
	Full	Shared	On-Roll	Full	Shared	On-Roll	Full	Shared	On-Roll	Full	Shared	On-Roll	Full	Shared	On-Roll	Full	Shared	On-Roll	Full	Shared	On-Roll	
Full Day Preschool 3 Years Old	110.0		110.0																			
Full Day Preschool 4 Years Old	193.0		193.0																			
Half Day Kindergarten	716.0		716.0																			
Full Day Kindergarten	759.0		759.0																			
Other	756.0		756.0																			
Three	742.0		742.0																			
Four	653.0		653.0																			
Five	585.0		585.0																			
Six	564.0		564.0																			
Seven	531.0		531.0																			
Eight	521.0		521.0																			
Nine	493.0		493.0																			
Ten	452.0		452.0																			
Eleven	402.0		402.0																			
Twelve	349.0		349.0																			
Adult High (15+ Credits)	4.0		4.0																			
Adult High (1-14 Credits)																						
Subtotal	7,894.0		7,894.0																			
Special Ed - Elementary	641.0		641.0																			
Special Ed - Middle	365.0		365.0																			
Special Ed - High	297.0		297.0																			
Sub-Total	1,293.0		1,293.0																			
Totals	9,187.0	19.0	9,187.0	19.0																		0.0%

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS

NEW BRUNSWICK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2019

	Free		Reduced		Low Income		Sample for Verification		Free		Reduced		Free		Reduced	
	Reported on US 123 as Low Income	Reported on Low Income S/T	Reported on US 123 as Low Income	Reported on Low Income S/T	Reported on US 123 as Low Income	Reported on Low Income S/T	Free Sample Satisfies Workshops	Free Sample Satisfies Workshops S/T	Free Sample Satisfies Workshops	Free Sample Satisfies Workshops S/T	Free Sample Satisfies Workshops	Free Sample Satisfies Workshops S/T	Free Sample Satisfies Workshops	Free Sample Satisfies Workshops S/T	Free Sample Satisfies Workshops	Free Sample Satisfies Workshops S/T
Full Day Preschool 3 Years Old	635.0	39.0	635.0	39.0	26.0	14.0	26.0	14.0	26.0	14.0	26.0	14.0	26.0	14.0	26.0	14.0
Full Day Preschool 4 Years Old	662.0	45.0	662.0	45.0	28.0	16.0	28.0	16.0	28.0	16.0	28.0	16.0	28.0	16.0	28.0	16.0
One	646.0	58.0	646.0	58.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0
Two	661.0	47.0	661.0	47.0	27.0	17.0	27.0	17.0	27.0	17.0	27.0	17.0	27.0	17.0	27.0	17.0
Three	646.0	58.0	646.0	58.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0
Four	661.0	47.0	661.0	47.0	27.0	17.0	27.0	17.0	27.0	17.0	27.0	17.0	27.0	17.0	27.0	17.0
Five	646.0	58.0	646.0	58.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0	27.0	21.0
Six	479.0	37.0	479.0	37.0	20.0	10.0	20.0	10.0	20.0	10.0	20.0	10.0	20.0	10.0	20.0	10.0
Seven	434.0	32.0	434.0	32.0	18.0	12.0	18.0	12.0	18.0	12.0	18.0	12.0	18.0	12.0	18.0	12.0
Eight	423.0	22.0	423.0	22.0	17.0	8.0	17.0	8.0	17.0	8.0	17.0	8.0	17.0	8.0	17.0	8.0
Nine	445.0	44.0	445.0	44.0	15.0	12.0	15.0	12.0	15.0	12.0	15.0	12.0	15.0	12.0	15.0	12.0
Ten	312.0	31.0	312.0	31.0	13.0	15.0	13.0	15.0	13.0	15.0	13.0	15.0	13.0	15.0	13.0	15.0
Eleven	312.0	41.0	312.0	41.0	13.0	15.0	13.0	15.0	13.0	15.0	13.0	15.0	13.0	15.0	13.0	15.0
Twelve	263.0	32.0	263.0	32.0	11.0	12.0	11.0	12.0	11.0	12.0	11.0	12.0	11.0	12.0	11.0	12.0
Sub-Total	6,395.0	485.0	6,395.0	485.0	263.0	180.0	263.0	180.0	263.0	180.0	263.0	180.0	263.0	180.0	263.0	180.0
Special Ed - Elementary	573.0	16.0	573.0	16.0	24.0	6.0	24.0	6.0	24.0	6.0	24.0	6.0	24.0	6.0	24.0	6.0
Special Ed - Middle	24.0	2.0	24.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Special Ed - High	24.0	2.0	24.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sub-Total	1,130.0	48.0	1,130.0	48.0	47.0	17.0	47.0	17.0	47.0	17.0	47.0	17.0	47.0	17.0	47.0	17.0
Totals	7,515.0	6.0	7,515.0	6.0	310.0	197.0	310.0	197.0	310.0	197.0	310.0	197.0	310.0	197.0	310.0	197.0
Percentage Error					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Transcription

	Reported on DRTS by DOE	Reported on DRTS by District	Errors	Tested	Verified	Errors
Rec - Public Schools	1,373.0	1,373.0	-	203.0	203.0	-
Trans Nonpublic	96.0	96.0	-	14.0	14.0	-
Req. - Special Education	195.5	195.5	-	29.0	29.0	-
Nonpublic Schools (ALL)	62.0	62.0	-	9.0	9.0	-
Soc. - Special Needs	158.5	158.5	-	24.0	24.0	-
Totals	1,885.0	1,885.0	-	279.0	279.0	0.00%

Average Mileage - Regular Including Grade PK Students
Average Mileage - Regular Social Education

Reported	Reconciled
3.8	3.8
12.2	12.2

SCHEDULE OF AUDITED ENROLLMENTS

NEW BRUNSWICK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2011

	Resident LEP NOT Low Income			Resident LEP Low Income			Bilingual Education Low Income			Sample for Verification			
	Reported on A.S.S.A. as NOT Low Income	Workpapers	Errors	Reported on A.S.S.A. as LEP Low Income	Workpapers	Errors	Reported on A.S.S.A. as Bilingual Education Low Income	Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Test Score and Register	Sample Errors
Full Day Preschool 3 Years Old	80	20	-	221.0	42.0	-	221.0	42.0	-	42.0	42.0	-	-
Half Day Preschool 4 Years Old	60	60	-	155.0	60	-	155.0	60	-	30.0	30.0	-	-
Child Care	90	90	-	185.0	7.0	-	185.0	7.0	-	37.0	37.0	-	-
Two	50	50	-	186.0	4.0	-	186.0	4.0	-	35.0	35.0	-	-
Three	20	20	-	66.0	1.0	-	66.0	1.0	-	17.0	17.0	-	-
Four	30	30	-	38.0	2.0	-	38.0	2.0	-	7.0	7.0	-	-
Five	60	60	-	50.0	4.0	-	50.0	4.0	-	9.0	9.0	-	-
Six	120	120	-	72.0	9.0	-	72.0	9.0	-	18.0	18.0	-	-
Seven	140	140	-	76.0	13.0	-	76.0	13.0	-	13.0	13.0	-	-
Eight	40	40	-	63.0	3.0	-	63.0	3.0	-	12.0	12.0	-	-
Nine	80	80	-	59.0	6.0	-	59.0	6.0	-	11.0	11.0	-	-
Ten	80	80	-	32.0	2.0	-	32.0	2.0	-	6.0	6.0	-	-
Eleven	80	80	-	1,263.0	67.0	-	1,263.0	67.0	-	240.0	240.0	-	-
Twelve	80	80	-	60	5.0	-	60	5.0	-	19.0	19.0	-	-
Sub-Total	80	80	-	60	5.0	-	60	5.0	-	2.0	2.0	-	-
Special Ed - Elementary	80	80	-	103.0	5.0	-	103.0	5.0	-	24.0	24.0	-	-
Special Ed - Middle	95.0	95.0	-	1,366.0	72.0	-	1,366.0	72.0	-	264.0	264.0	-	-
Special Ed - High	95.0	95.0	-	95.0	95.0	-	95.0	95.0	-	95.0	95.0	-	-
Sub-Total	95.0	95.0	-	95.0	95.0	-	95.0	95.0	-	95.0	95.0	-	-
Totals	80	80	-	80	80	-	80	80	-	80	80	-	-
													0.00%
													0.00%

NEW BRUNSWICK BOARD OF EDUCATION
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2017

EXCESS SURPLUS CALCULATION

SCHOOL BASED BUDGET DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>176,634,585.16</u> (A)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (A1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (A1a)	
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ _____ (A1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ <u>17,518,787.30</u> (A4)	
Assets Acquired Under Capital Leases in Fund 15	\$ _____ (A5)	
Adjusted 2016-17 General Fund Expenditures	\$ <u>159,115,797.86</u> (A9)	
2% of Adjusted 2016-17 General Fund Expenditures [(A9) times .02]	\$ <u>3,182,315.96</u> (A10)	
Enter Greater of (A10) or \$250,000	\$ <u>3,182,315.96</u> (A11)	
Increased by: Allowable Adjustment *	\$ <u>348,379.00</u> (K)	
Maximum Unassigned Fund Balance [(A11)+(K)]		\$ <u>3,530,694.96</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>21,850,253.11</u> (C)	
Decreased by:		
Year ended Encumbrances	\$ <u>5,901,300.88</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>13,200,000.00</u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)	
Other Restricted Fund Balances ****	\$ <u>22,190.56</u> (C4)	
Assigned - Fund Balance - Designated for Subsequent Year's Expenditures	\$ _____ (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>2,726,761.67</u> (U1)

NEW BRUNSWICK BOARD OF EDUCATION
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2017

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U2)-(M)] IF NEGATIVE ENTER -0- \$ 0.00 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$	<u>0.00</u>	(C3)
Reserved Excess Surplus***[(E)]	\$	<u>0.00</u>	(E)
Total [(C3) + (E)]	\$	<u>0.00</u>	(D)

* This adjustment line (line (K) as detailed below) is to be utilized for Impact Aid, Sale, Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, and recognized current year School Bus Advertising Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2015-16 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

Detail of Allowable Adjustments

Impact Aid	\$	<u> </u>	(H)
Sale and Lease-Back	\$	<u> </u>	(I)
Extraordinary Aid	\$	<u>348,379.00</u>	(J1)
Additional Nonpublic School Transportation Aid	\$	<u> </u>	(J2)
Total Adjustments [(H)+(I)+(J1)+(J2)]	\$	<u>348,379.00</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 entered must agree to the June 30, 2017 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	<u> </u>
Sale/lease-back reserve	\$	<u> </u>
Capital reserve	\$	<u>75.00</u>
Maintenance reserve	\$	<u> </u>
Tuition reserve	\$	<u> </u>
Other state/government mandated reserve	\$	<u>22,115.56</u>
[Other Restricted Fund Balance not noted above] ****	\$	<u> </u>
Total Other Restricted Fund Balance	\$	<u>22,190.56</u> (C4)

NEW BRUNSWICK BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Encumbrances June 30, 2017

\$7,810,136.04

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Payroll	\$ 1,531,276.59	\$ 1,531,276.59	\$ -
Purchased Professional and Technical	244,958.81	244,958.81	240,688.81
Purchased Professional Education Services	186,725.11	186,725.11	114,310.79
Other Purchased Professional Services	937,088.52	937,088.52	49,067.49
Legal	39,266.63	39,266.63	-
Cleaning, Repairs and Maintenance Services	114,993.45	114,993.45	-
Employee Benefits	2,048,527.28	2,048,527.28	910,263.26
Tuition	375,012.77	375,012.77	-
Other Purchased Services	918,690.35	918,690.35	-
Electricity	356,840.21	356,840.21	199,218.18
Natural Gas	166,273.60	166,273.60	161,396.87
Supplies and Material	660,379.84	660,379.84	233,889.76
General Supplies	117,658.92	117,658.92	-
Equipment	111,391.80	111,391.80	-
Other Objects	1,052.16	1,052.16	-
	<u>7,810,136.04</u>	<u>7,810,136.04</u>	<u>1,908,835.16</u>
 Total Encumbrances Cancelled During the Audit			 <u>1,908,835.16</u>
 Fund Balance Reserved for Encumbrances in the CAFR			 <u>\$ 5,901,300.88</u>

NEW BRUNSWICK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. Student Body Activities

None

5. School Food Service

Finding 2017-01:

That a General Ledger be established for the Supermarket Account and that all expenditures be approved by the School Board on a monthly basis.

Finding 2017-02:

That the Non-Program Food Revenue Tool be properly prepared by the outside food service company.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital

None

9. Follow-Up on Prior Year's Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.

10. Miscellaneous

None

