

*TOWNSHIP OF WOODBRIDGE
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.*

**WOODBIDGE TOWNSHIP 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 Woodbridge School District
County of Middlesex
Woodbridge, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Woodbridge School District in the County of Middlesex for the year ended June 30, 2017, and have issued our report thereon dated November 29, 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 Woodbridge 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 29, 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 the 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.

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

Insurance coverage was carried in the amounts as detailed within the Insurance Schedule in Exhibit J-20, as presented in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

The following positions were covered by Surety Bonds:

Brian Wolferman, Business Administrator/Board Secretary	\$730,000.00
Richard Lorentzen, Collector of Taxes	\$730,000.00
Faithful Performance Blanket Position Coverage	\$1,000,000.00

Surety bond coverage was reviewed in accordance with regulatory guidelines and the District is in the process of increasing its surety bond coverage as required.

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:23A-17.1*, 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:23A-17.1(f)3*.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Audit testing identified several instances wherein purchase orders were recorded in the accounting system subsequent to the date of vendor invoices. Procedures have been implemented in order to continue to limit the use of confirming orders and efforts should continue to avoid the use of confirming orders.

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:

Information Processing Reporting System:

The District's information processing reporting system does not provide for a budget to actual information segregated by capital project type. We suggest the system be revised to provide for the segregated reporting for each capital project.

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

Pupil Transportation

Our procedures included a test of on-roll status reported in the 2016-17 District Report of Transported Resident Students (DRTRS). The information included on the DRTRS was verified to the DRTRS Eligibility Summary Report, with three (3) exceptions noted from a 300-item sample size. 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.

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, IV and VI 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, 2017 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, the reimbursements to the State for the TPAF/FICA payments were 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.A.* 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.A.* 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or 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 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 provisions of *N.J.S.A.* 18A:18A-4, as amended for GPS systems, office supplies and maintenance expenses.

SCHOOL PURCHASING PROGRAMS (Cont'd.)

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

Recommendation:

Categories of items anticipated to be acquired during the year should be aggregated to determine compliance with the applicable purchasing thresholds prior to the commitment of goods or services.

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

OTHER MATTERS

School Food Service Fund

The financial transactions and statistical records of the school food services 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 deposit.

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.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed 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. The required verification policy 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 maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months' average expenditures.

The District food service operation is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. The District maintains 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.

OTHER MATTERS (CONT'D.)

Student Activity and Athletic Funds

The recordkeeping of the various student activities funds was reviewed for the 2016-17 school year. Improvement was noted with respect to the recordkeeping maintained with respect to the student activity funds, however, various exceptions were noted as to lack of supporting documentation, lack of receipt forms, missing signatures and canceled checks and the endorsement side of the canceled checks not available for review. One District school failed to provide all appropriate records for review and in a timely manner.

While improvement was noted, the District should continue to monitor student activities funds for required recordkeeping.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2016 Application 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 minor exceptions on a percentage basis noted. 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.

Recommendation:

Minor exceptions should be avoided in the preparation of the Applications for State School Aid (A.S.S.A.).

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.

OTHER MATTERS (CONT'D.)

Grant Administration

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.

We suggest the District initiate a process for the documentation of its internal controls 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. Corrective action has been taken on the prior year findings, except for matters related to the student activity funds.

WOODBIDGE 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

Categories of items anticipated to be acquired during the year should be aggregated to determine compliance with the applicable purchasing thresholds prior to the commitment of goods or services.

4. School Food Service

None

5. Student Body Activities

While improvement was noted, the recordkeeping function over student activity funds should continue to be monitored.

6. Application for State School Aid

Minor exceptions should be avoided in the preparation of the Application for State School Aid (A.S.S.A.).

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

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

10. Status of Prior Year Audit Findings/Recommendations

Matters with respect to student activity funds are included as a finding in the current year.

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.
Certified Public Accountants
Public School Accountants



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

SCHEDULE OF AUDITED ENROLLMENTS

**WOODBRIAGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	2017-2018 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 Verifi-cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	37		37		0	0	0		0		0						
Full Day Preschool	0		0		0	0					0						
Half Day Kindergarten	813		813		0	0	20		20		0						
Full Day Kindergarten	0		0		0	0					0						
One	988		988		0	0	23		23		0						
Two	1,007		1,007		0	0	23		23		0						
Three	1,029		1,029		0	0	24		24		0						
Four	1,011		1,011		0	0	23		23		0						
Five	981		981		0	0	23		23		0						
Six	880		880		0	0	20		20		0						
Seven	927		927		0	0	21		21		0						
Eight	903	1	903	1	0	0	21		21		0						
Nine	881		881		0	0	20		20		0						
Ten	977		977		0	0	23		23		0						
Eleven	951		951		0	0	22		22		0						
Twelve	968		968		0	0	22		22		0						
Subtotals	12,353	1	12,353	1	0	0	286		286		0	0					
Special Ed - Elementary	606		606		0	0	14		14		0		29	17	17	0	
Special Ed - Middle School	351	10	351	10	0	0	8		8		0		22	17	17	0	
Special Ed - High School	417	6	417	6	0	0	10		10		0		53.5	37	37	0	
					0	0	0		0		0						
Subtotals	1,374	16	1,374	16	0	0	32	0	32	0	0	0	104.5	71	71	0	
Totals	13,727	17	13,727	17	0	0	318		318		0	0	104.5	71	71	0	
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	

SCHEDULE OF AUDITED ENROLLMENTS

WOODBIDGE BOARD OF EDUCATION
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	0	2	-2	2	2	0	0	0	0	0	0	0
Kindergarten	163	163	0	19	19	0	15	15	0	6	6	0
One	281	281	0	24	24	0	29	30	-1	10	10	0
Two	277	277	0	33	33	0	35	36	-1	13	13	0
Three	343	343	0	25	25	0	26	26	0	10	10	0
Four	322	322	0	25	25	0	24	24	0	9	8	1
Five	318	318	0	25	25	0	17	17	0	6	6	0
Six	333	333	0	24	24	0	13	13	0	3	3	0
Seven	344	344	0	25	25	0	16	16	0	5	4	1
Eight	361.5	361.5	0	26	26	0	14	13	1	5	5	0
Nine	353	353	0	17	17	0	18	18	0	6	6	0
Ten	378	378	0	14	14	0	22	22	0	8	6	2
Eleven	344	344	0	22	22	0	19	19	0	8	8	0
Twelve	381	381	0	19	19	0	16	16	0	4	4	0
Subtotals	4,198.5	4,200.5	-2.0	300	300	0	264	265	-1	93	89	4
Sp Ed - Elementary	273	273	0	1	1	0	2	2	0	0	0	0
Sp Ed - Middle School	191.5	193	-1.5	1	1	0	0	0	0	0	0	0
Sp Ed - High School	217	217.5	-0.5	1	1	0	1	1	0	0	0	0
Subtotals	681.5	683.5	-2	3	3	0	3	3	0	0	0	0
Totals	4,880	4,884	-4.0	303	303	0	267	268	-1	93	89	4
Percentage Error			-0.08%			0.00%			-0.37%			4.30%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	3028	3028	0	204	202	2
Special Ed. - Public Schools	103	103	0	7	7	(0)
Transported Non-Public	498	498	0	34	34	(0)
Special Needs- Non-Public	673	673	0	45	45	0
AIL	198	198	0	13	12	1
Totals	4,500.0	4,500.0	0	303	300	3
Percentage Error						1.00%

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	3.8	3.8
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	3.8	3.8
Spec Avg. = Special Ed with Special Needs	5.0	5.0

SCHEDULE OF AUDITED ENROLLMENTS

WOODBIDGE 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</u>	<u>Reported on</u>	<u>Sample</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>
	<u>A.S.S.A.</u>	<u>Workpapers</u>				
	<u>As Bilingual</u>	<u>As Bilingual</u>				
<u>Education</u>	<u>Education</u>	<u>Errors</u>	<u>Work papers</u>	<u>and Register</u>	<u>Errors</u>	
Pre K	0	0	0	0	0	0
Kindergarten	93	90	3	33	33	0
One	45	44	1	16	16	0
Two	33	33	0	12	12	0
Three	29	29	0	11	11	0
Four	11	11	0	4	4	0
Five	20	20	0	7	7	0
Six	10	10	0	5	5	0
Seven	7	7	0	3	2	1
Eight	2	2	0	1	1	0
Nine	9	9	0	4	4	0
Ten	4	4	0	1	1	0
Eleven	13	13	0	4	4	0
Twelve	4	4	0	3	3	0
Subtotals	<u>280</u>	<u>276</u>	<u>4</u>	<u>104</u>	<u>103</u>	<u>1</u>
Sp Ed - Elementary	5	4	1	0	0	0
Sp Ed - Middle School	1	1	0	0	0	0
Sp Ed - High School	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotals	<u>6</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u><u>286</u></u>	<u><u>281</u></u>	<u><u>5</u></u>	<u><u>104</u></u>	<u><u>103</u></u>	<u><u>1</u></u>
Percentage Error			<u><u>1.75%</u></u>			<u><u>0.96%</u></u>

**Woodbridge 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, Ex. C-1	\$ <u>225,311,562.40</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>27,870,531.39</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)
 Adjusted 2016-2017 General Fund Expenditures ((B)+(B1s)-(B2s))	 \$ <u><u>197,441,031.01</u></u> (B3)
 2% of Adjusted 2016-2017 General Fund Expenditures ((B3) times .02)	 \$ <u>3,948,820.62</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>3,948,820.62</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>2,301,600.00</u> (K)
 Maximum Unreserved/Undesignated Fund Balance ((B5)+(K))	 \$ <u><u>6,250,420.62</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>38,045,558.89</u> (C)
Decreased by:	
Reserve for Encumbrances	\$ <u>540,217.60</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ <u>16,530,013.41</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ _____ - (C3)
Other Restricted Fund Balances****	\$ _____ - (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____ - (C5)
 Total Unassigned Fund Balance ((C)-(C1)-(C2)-(C3)-(C4)-(C5))	 \$ <u><u>20,975,327.88</u></u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- \$ 14,724,907.26 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)
Reserved Excess Surplus***(E)	\$ <u>14,724,907.26</u> (E)
Total Excess Surplus ((C3) +(E))	\$ <u><u>14,724,907.26</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, 2017 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>2,221,715.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>79,885.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	\$ <u>2,301,600.00</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 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 seperate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital Reserve	\$ _____
Maintenance Reserve	\$ _____
Emergency Reserve	\$ _____
Tuition Reserve	\$ _____
School Bus Advertsiiing 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertsiiing 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	\$ _____ - (C4)