The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Vincent Prieto
Speaker of the General Assembly

Ms. Peri A. Horowitz
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Woodbine School District for the period of July 1, 2009 to December 31, 2015. If you would like a personal briefing, please call me at (609) 847-3470.

[Signature]
Stephen M. Eells
State Auditor
November 30, 2016
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Scope

We have completed an audit of the Woodbine School District for the period July 1, 2009 to December 31, 2015. Our audit included financial activities accounted for in the district’s general, special revenue, and capital projects funds. We focused primarily on the budget, purchasing, and payroll functions of the district. Annual General Fund expenditures of the district averaged $4.7 million in fiscal years 2010 through 2015. Annual state aid receipts averaged $3.1 million for fiscal years 2010 through 2014. In fiscal year 2015, the Department of Education provided state aid of $4 million which included a $650,000 loan as an advance of state aid to address the district’s fiscal year 2014 budget deficit. The loan is to be repaid over a period of ten years. The district provided regular and special education programs to grade levels preschool through eighth and is a sending district for high school students. The district completed fiscal year 2015 with an enrollment of 206 students in-district and 85 students sent out-of-district. Since January 2014, the Commissioner of Education has appointed a state monitor to oversee the fiscal operations of the district.

Objectives

An objective of our audit was to determine the primary factors that contributed to the district’s fiscal year 2010 through 2014 deficits. These deficits have grown from relatively minor amounts of $10,500 and $9,000 in fiscal years 2010 and 2011, respectively, to $737,000 and $744,000 in fiscal years 2013 and 2014, respectively. Additional objectives were to determine whether financial transactions were related to the district’s programs, were reasonable, and were recorded properly in the accounting systems.

This audit was conducted pursuant to the State Auditor’s responsibilities as set forth in the “School District Fiscal Accountability Act”, Title 18A:7A-57 of the New Jersey Statutes, and pursuant to Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, and policies of the school district. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the school district budgets and board minutes, reviewed financial trends, and interviewed school district personnel to obtain an understanding of the programs and
internal controls. In addition, we reviewed the annual audit reports issued by independent certified public accountants.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Sample populations were sorted and transactions were judgmentally selected for testing.

**Conclusions**

We found fiscal year-end General Fund deficits resulted from the lack of proper budgeting for the costs of health benefits and out-of-district students, and a variety of accounting errors. Furthermore, the district did not complete grant applications, which created a need to secure interest bearing loans that also contributed to the deficit. The financial transactions included in our testing were related to the school district’s programs; however, they were not always reasonable, properly recorded in the accounting system, or brought before the board for approval. In addition, we found weaknesses within the system of internal controls over payroll, personnel, and information technology equipment that require district administrators’ attention.

We observed that a more effective and efficient use of district funds may be achieved by combining resources with those of a neighboring school district. In addition, district administration’s anticipated return on investment in capital projects did not meet expectations.
Business Office Practices

Deficits resulted from poorly monitored business office practices.

The district’s administrators did not properly monitor the business office throughout the years audited. Budget modifications were not made when it became apparent that specific budget line items were insufficient to meet actual costs. In addition, other business office practices negatively impacted the district budget including charges to improper (incorrect) accounts and failure to properly account for the collection of receivables.

Insufficient Budget – Health Benefits

During our audit period, the district changed health and dental insurance providers twice in an attempt to reduce costs. The first change occurred in 2011 when the district joined a health insurance fund subgroup at the recommendation of the district’s insurance broker, who we identified as the coordinator of that fund. This apparent conflict was not documented in district records. Under this subgroup there was a slight initial increase in premiums, however, within nine months, premiums increased 19 percent plus two subsequent supplemental assessments totaling $108,000, which were not provided for in the budget. The district claimed no knowledge that supplemental assessments were possible; however, in the resolution to join the health insurance fund, potential supplemental assessments were agreed upon. Additionally, we noted the district’s designee did not attend board meetings where the supplemental assessments were discussed and approved. The district terminated coverage with the health insurance fund effective January 1, 2013 and enrolled in the State Health Benefits Program (SHBP).

Inadequate Budgeting – Out-of-District Tuition

The district pays tuition for special education and high school students placed out-of-district. Payments totaled approximately $1.35 million, $1.54 million, and $1.44 million in fiscal years 2012, 2013, and 2014, respectively. The district did not maintain comprehensive lists of out-of-district students. We compiled a list for the 2013-2014 school year and identified 87 students at seven schools.

We judgmentally selected one special services district and compared the original budget and corresponding students to the actual enrollment and expenses for fiscal years 2012, 2013, and 2014. We found original budgets were insufficient and transfers were not initiated during the year to cover the tuitions for the enrolled students. In fiscal year 2012, the district paid for seven students, two of whom were enrolled the entire year, with no corresponding funds in the budget. The cost for these students totaled $208,000. In fiscal year 2013, the district paid for five students, three of whom were enrolled the entire year, with no corresponding funds in the budget. The cost for these students totaled $146,000.

In fiscal year 2014, the district was assessed a prior year tuition adjustment for high school students and chose to only budget for half the assessed amount. The total tuition adjustment was
approximately $153,000, of which $76,600 was not included in the budget or paid throughout the year. A year-end adjustment was required resulting in an expenditure deficit of the line item.

Proper board approval, contracts, and attendance records should be obtained for students placed out-of-district. District records provided were unorganized and incomplete. The district was unable to provide the following.

- Board approvals for fiscal years 2012, 2013, and 2014 for students sent to the special services district utilized the most, in addition to three other schools.
- Contracts with two of the six schools for the 2011-2012 school year and none of the six schools for the 2012-2013 school year.
- Student attendance records for four of the six schools in the 2011-2012 and 2012-2013 school years and four of the seven schools during the 2013-2014 school years. (Attendance records should be submitted to the district to provide assurance all students attend.)

**Accounting Errors – Health Benefits**

**Fiscal Year 2010**

The district received Preschool Education Aid to fund a preschool program. The applicable revenues and expenses are recorded in the Special Revenue Fund. The district improperly charged a portion of the preschool employee benefits to the General Fund in the amount of $10,800. With proper accounting of this expense, the district could have avoided the fiscal year 2010 General Fund deficit.

**Fiscal Year 2011**

The General Fund employee benefit expense was overstated by a net $68,400. With proper accounting, the district would not have ended the year in a deficit. Accounting errors included the following:

- Upon provider change in April 2011, the district recorded two April premiums, one each for the previous and current provider. This error totaled $43,800 and was corrected in the subsequent year with an adjustment to accounts payable and revenue, which in itself is an incorrect accounting entry.
- The district had a practice of expensing one month behind for health insurance premiums. When the district transitioned to the new provider, they had to expense all open invoices, resulting in 13 months of premiums expensed in fiscal year 2011, overstating the benefit expense by $35,700.
• The General Fund employee benefits expense was understated by $14,700 due to an improper allocation to the Special Revenue Fund.

**Fiscal Year 2013**

The district’s General Fund employee benefit account had an expenditure deficit of $209,000 in fiscal year 2013. The district terminated coverage under the health insurance fund and began SHBP coverage on January 1, 2013. As of June 30, 2013, the district had an unrecorded liability to the health insurance fund totaling approximately $122,400 for one supplemental assessment and one missed monthly premium plus interest on a two-year repayment plan. Additionally, the district exercised its two-month premium delay option under the SHBP coverage. Under the accrual basis of accounting, the district should have recognized a $89,300 expense and liability and had not. An audit adjustment totaling $211,700 for these two accounting errors was required. The employee benefits original budget was insufficient and the district had transferred a total of $88,000 out of the account at year-end, resulting in the expenditure deficit after the required audit adjustment. We also noted that if the health benefit expenses were properly allocated between the general and special revenue funds, the general fund expense would have included an additional $16,000, increasing the deficit.

**Fiscal Years 2012, 2014, and 2015**

The district understated General Fund expenses by $7,000, $50,000, and $17,000 in fiscal years 2012, 2014 and 2015, respectively, by charging General Fund employee benefits to the preschool program in the Special Revenue Fund.

**Cancellation of Prior Year Receivables and Grants**

At the end of fiscal year 2012, the district recorded a $69,000 receivable in the Debt Service Fund for anticipated Solar Renewable Energy Certificate (SREC) sales in July and August of 2013. Upon sale of the SRECs, the district recorded revenue in the General Fund instead of clearing the receivable. The adjustment required to correct the accounting error added $69,000 to the deficit in fiscal year 2013.

Additionally, an audit adjustment of $55,000 for the cancellation of grant receivables contributed to the fiscal year 2013 deficit. The applicable grants dated back to 2007 and the district had no records to substantiate the accuracy of the open balances. The audit adjustment was agreed upon to provide the district with an accurate financial position.

**Recommendation**

The district should prepare a budget using expected expenses. Necessary budget line item transfers should be initiated in a timely manner. Additionally, the business office should ensure the accuracy of accounts receivable as recorded in district records.
Payroll and Personnel

Hiring Practices

The district did not ensure board approval and proper certification for each position.

The district is responsible to ensure all positions are board approved, properly advertised, and filled by appropriately certified individuals. During our audit, we found three individuals hired full time without the positions having been advertised. Two of these positions were not board approved. Additionally, one of the individuals received a payment of $4,000 for unused sick time, calculated at a full per diem rate, upon separation after working only four years with the district. This payment was not contractually agreed upon nor board approved. We also identified three additional positions where the district ignored certification requirements for the teaching duties assigned. One individual was employed as an aide with no instructional certifications, another worked under a substitute certificate for five years, and the third worked under an emergency certification which specifically stated non-instructional.

In addition, the district does not consistently adhere to the Provisional Teacher Process requirements. By statute, a board of education may employ a person who holds a valid certificate of eligibility to teach as a novice teacher in the public schools of the district. Upon the employment of a novice teacher, the board of education shall immediately register the employment with the Department of Education and request issuance of a provisional certificate. The board of education shall also enroll the novice teacher in the Provisional Teacher Process which includes the assignment of a mentor teacher. We identified three positions where the district failed to enroll the employee in the provisional program. One worked a full year and then left the district, another worked for three years before enrollment, and the most recent worked for four years before beginning the Provisional Teacher Process, which was after we brought it to the district’s attention.

Recommendation

The district should ensure that all positions are board approved, properly advertised, and assigned to a properly certified individual. The district should also ensure that the School Ethics Act was not violated in the hiring of the three positions that were not advertised, two of which were not board approved. Additionally, the district should adhere to the requirements of the Provisional Teacher Process.
Employee Leave Time

Employee leave time should be properly approved, monitored, and recorded.

Employee leave was not properly maintained by the district. During fiscal year 2014, 40 employees were eligible for paid leave time. We judgmentally selected a sample of nine employees and reviewed their individual leave records to ensure that each absence identified on district sign-in sheets was properly approved, deducted from available leave time, and supported by physicians’ notes, when applicable, in accordance with district policy. Our review found the following.

- The required leave form was missing for 56 of 154 occurrences.

- Of the 98 forms provided, we found that 96 were approved by the Superintendent; however, 94 of them did not indicate the employee’s available leave balance when approved, as required, which may have contributed to employees exceeding available leave balances with continuation of pay.

- A physician’s note is required for four or more consecutive sick days. A note was not provided for four of the nine applicable occurrences.

- The district grants up to three days per year for critical illness, defined as admission to a hospital with a critical or serious condition or life threatening situation or same day surgery as certified by a physician. Proper use of this type of leave was not substantiated in five of the six occurrences.

- Leave time totaling 315 hours was not properly recorded for seven of the nine employees in our sample. Two employees accounted for 268 hours, one of whom is responsible for maintaining all employee leave records. We expanded testing for these two employees to our entire audit period and identified overpayments totaling $21,100. The district paid $11,500 for overdrawn leave time and an additional $9,600 to one of the employees resulting from salary errors and unapproved payments while on leave of absence. Additionally, the district continued health benefits without collection of the required premiums. District administration has been made aware of these errors but no recovery action has been initiated.

Recommendation

We recommend the district adhere to employee leave time policy and procedures. We also recommend the district seek reimbursement from those individuals who were overpaid.
Criminal History Background Checks

The district should ensure that each prospective employee completes the required criminal history background check process.

The district failed to meet its responsibility to ensure the proper background check process was completed for several employees. New Jersey Statutes Annotated 18A:6-7.1 requires that all prospective employees of a school district, under the supervision of the New Jersey Department of Education (NJDOE), whose job duties include regular contact with pupils, must submit to a criminal history background check as a condition of employment. A list of individuals cleared to work for Woodbine School District was obtained from NJDOE. This list was compared to all individuals paid from July 2009 through December 2015. We also reviewed volunteers and subcontractors working in-district, since board policy requires a background check on those individuals also. We found the district failed to ensure the proper background check process was completed for 87 of the 177 individuals meeting the criteria. Many of these individuals may have been cleared by another employing district; however, if an arrest for a subsequent disqualifying offense occurred the district would not have been notified. As a result of our review, the district has completed the process to qualify 25 of the individuals for employment, as of May 5, 2016. The district took no action on the 55 individuals who are no longer employed. Seven of the individuals had not completed the process as of May 5, 2016. We verified with the NJDOE Criminal History Review Unit that these individuals did not commit a qualifying offense.

Recommendation

We recommend that the district ensure that each potential employee complete the required criminal history background process prior to employment.

Extra Compensation

Extra compensation should be properly approved.

All activities which include non-contractual stipends, extracurricular activities, overtime, home instruction, and mentoring must be presented to the board for approval of both the activity and each employee. We identified approximately $59,000 paid for 18 of these types of activities in fiscal year 2015. We excluded certain extra compensation from this test including substitute teacher payments, which were tested separately. We found that 14 of the 18 assignments and 60 of the 76 applicable employee payments totaling $39,000 lacked approval by the board of education. In addition, the budget did not provide adequate funds for the home instruction and latchkey programs.

Recommendation

We recommend that all extra compensation receive prior board approval and the administration ensures that funds are available in the budget.
Substitutes

The district should ensure the need and document the use of substitute teachers.

Our review of the use of substitute teachers for fiscal year 2015 identified 558 occurrences at a total cost of $48,000. However, we found no formal procedure for documenting the need for the substitute. The school’s individual in charge of hiring substitutes each day maintained her records on a personal calendar and did not leave this calendar with the district upon retirement at the end of the 2014-2015 school year. As an alternative, we relied on district sign-in sheets and could not identify a need for 62 occurrences totaling $5,800.

Recommendation

We recommend that the district ensure the need and properly record each substitute occurrence.

Improper Employee Benefit

Ineligible children of staff members attended the preschool program.

The district receives Preschool Education Aid through the Department of Education to offer a preschool program for district residents. During the 2014-2015 school year, the district estimated enrollment of 44 students and received $12,058 per child. We identified 4 of the 43 children enrolled in the program as of year-end were non-resident children of district employees. Per New Jersey Administrative Code 6A:13A-2.1, these children could only attend if identified as preschool disabled, their district of residence offers a similar program and the two districts agree to transfer aid, or the parent or guardian pays tuition. Additionally, the district must ensure that all age-eligible residents are given priority. None of these criteria were met. We found the district allowed four children of non-resident employees to attend tuition free while residents were placed on a waiting list at the beginning of the year. Additionally, during the 2014-2015 school year, one of these four children did not meet the eligibility date of birth to enter the preschool. We notified the district of the situation and non-resident children of employees were removed from the roster for the 2015-2016 school year.

Recommendation

We recommend that the district comply with state regulations regarding enrollment in the preschool program and birth date requirement for entry into public schools.
Summer Program

Improper oversight of the summer program resulted in an inefficient use of district funds.

District administration is responsible to develop programs with clear objectives, establish and enforce internal controls, and develop an appropriate budget to ensure an efficient and effective use of district funds. The district offered an optional summer program in 2015 for students and did not ensure the efficient use of funds. The board approved the program for three hours per day. However, instructors submitted and were paid for four hours per day, allowing more “prep” time per day than the regular school year. Total program expenditures were $21,000, of which $18,000 were for payroll. Nine individuals were paid, on average, per day. Seven were paid at the contractual teacher hourly rate of $30, including those who are not certified teachers. Two teachers were designated as co-coordinators and paid $35 per hour. Our review of the instructor schedules, as developed by the co-coordinators, identified that the movement of students through program activities left instructors without assigned students, resulting in two instructors per class or additional prep time.

Administration did not monitor student summer attendance which was manually recorded by instructors and submitted to one of the co-coordinators. We requested the records and were provided with two sets of “original” records from a co-coordinator with differing student attendance. We presented this irregularity to district administration who did not resolve the issue. Based on the information provided, we estimated an average daily attendance of 56 students and an average of only 6 students per instructor. We determined that if the program was staffed in accordance to enrollment and structured to fully utilize each instructor, and the one hour of unapproved prep time per day was eliminated, the district could have saved a minimum of $10,000 in payroll costs and still maintained an average class size of 13 for general education students.

Recommendation

We recommend the district develop policies and procedures to ensure programs are developed with specific objectives. Projected enrollment should be used as a planning tool for program structure, staffing levels, and overall budget development. Additionally, the board should be presented with program costs including compensation per employee.

Tuition Reimbursements

Prior Authorization and course completion should be supported with proper documentation.

We reviewed nine employee tuition reimbursement payments and found five were not properly authorized by district administration, two lacked documentation of course completion, and one had no documentation of course taken or if it was completed. These payments totaled $9,000.
Recommendation

We recommend that the district maintain adequate documentation to support tuition reimbursements.

Capital Projects

The district should ensure projects are properly funded.

In fiscal year 2010, the district contracted for a boiler replacement and other building upgrades. Total project costs were approximately $1.5 million. District records document the use of state and federal grant funds to cover the majority of project costs. As of June 30, 2015, the district had not received approximately $892,000 in anticipated grants administered by the State of New Jersey Schools Development Authority. It appears the application process was not completed. Grant receivable and short term loans have been on the district’s balance sheet since fiscal year 2012. Through December 2015, the district has incurred $42,000 in bond and grant anticipation note interest expense due to the outstanding receivables. In December 2015, the district finally completed the Schools Development Authority requirements related to a portion of the grant funds and received $307,000. The process to receive the balance of grant funds has not been completed.

Recommendation

We recommend that the district complete the application process to receive the remaining grant funds and minimize the interest expense.

Information Technology

Information technology (IT) inventory costing $40,000 could not be accounted for.

The district was unable to provide a list of IT inventory or any records to document damaged, stolen, or disposed IT equipment. The district relied on a technology coordinator to determine specifications for IT purchases, and to receive and assign equipment to students and staff in addition to other responsibilities. The individual hired for the position possessed minimal prior work experience or education related to the position and was continuously cited for absenteeism issues, resulting in a lack of continuity in technology services.

Good business practices would include controls to track and monitor the assignment, use, and disposal of district assets to ensure an efficient and effective use of resources. The information would also provide administration and staff with the data necessary to make informed
budgeting decisions based on asset utilization, condition, and demand. We found no controls in place. Using the district purchase order files, we compiled a list of IT items purchased from July 2009 through June 2015. The district purchased 174 laptops, 51 desktops, and 52 iPads at a total cost of $144,300. We performed a test to locate the equipment and found the district was unable to present 46 laptops, 17 desktops, and 10 iPads. The purchase price of this equipment totaled approximately $40,000. Additionally, we identified weaknesses in the safeguarding of computers, as we observed open laptop carts and laptops piled in open public areas. Furthermore, the weakness in tracking equipment resulted in a separated employee failing to return an iPad. As a result of the audit, the district sought and received reimbursement for the iPad. Additionally, we identified another separated employee who failed to return a laptop. We notified the district, who was working towards resolving this issue as of May 2016.

The technology coordinator position was eliminated in December 2015. The district now utilizes the services of a consultant for technology needs.

**Recommendation**

We recommend the district further investigate the missing inventory items. The district should develop policies and procedures to properly monitor and safeguard assets. All dispositions of assets should receive prior approval from the board. Damaged and stolen assets should be investigated and documented. A standard form to record asset assignments should be implemented to hold students and staff accountable for their use of district equipment. Finally, as part of the exit process, the district should ensure the return of all district assets upon an employee’s separation.

**Observations**

**School Consolidation**

Cost savings and a more effective and efficient use of funds may be achieved if the district combines resources with a neighboring school district.

The district should determine if the continuation of offering all elementary and middle school programs in district is the most effective and efficient use of funds. We analyzed the trend of district enrollment from the 2005-2006 school year through the 2015-2016 school year. Average enrollment by grade level decreased an average of 30 percent from kindergarten to eighth grade. We further analyzed the enrollment trend of each graduating class, following the class from kindergarten through eighth grade. By sixth grade, we found enrollment decreased on average 45 percent for four of the five classes that reached that grade level in our review.

During the 2015-2016 school year, the district employed 24 teachers. We noted in the most recent Taxpayers’ Guide to Education Spending, 2014-2015 school year, Woodbine’s student to
teacher ratio was 9.1:1. Woodbine was below the state average of 11.2:1 and ranked 51st of 75 similar-sized districts.

It appears that decreasing and fluctuating enrollment creates a challenge to the district for scheduling and effectively and efficiently utilizing teachers. Additionally, the district does not maintain a student management system, retain prior year schedules, nor maintain a comprehensive list of teachers and applicable certifications, as a resource for planning. Student classes are assigned through a manual process.

Our review of teacher schedules and class rosters for the 2015-2016 school year identified the following.

- There are 42 students and seven teachers assigned to grades six through eight (middle school). We identified 21 core subject classes (math, language arts, social studies, and science) taught by these teachers in a week. Due to the low enrollment in these grades, 76 percent of these classes are below the state average student to teacher ratio.
  - Thirteen classes had between three and seven students enrolled.
  - Three classes have between eight and eleven students enrolled.
  - Five classes had greater than twelve students enrolled.
- We calculated the weekly maximum hours a middle school teacher is assigned core subject classes and then analyzed the teacher schedules. We identified three of the seven middle school teachers were assigned 40 percent, 60 percent, and 83 percent of their weekly maximum hours in their certified subjects. The district did not need additional subject matter courses; therefore these teachers were scheduled as in-class support (aides), to administer a “specials” class to elementary students or granted additional prep time throughout the week.
  - By contract, all certified staff shall be guaranteed five prep periods per week. We noted that due to scheduling inefficiencies, all teachers in grades one through five receive one or two extra prep periods per week while their students are assigned elsewhere.

Total capacity of the Woodbine School District is 294 students. In the 2014-2015 school year, the district had 206 students and operated at 70 percent capacity. We reviewed the capacity of a neighboring district, Dennis Township, with schools located three miles and six miles from Woodbine. Per the district’s Comprehensive Annual Report, Dennis Township has a maximum capacity of 937 students and, in the 2014-2015 school year, an enrollment of 530 students, which is 57 percent of available capacity. Our analysis of student enrollment and capacity of both districts over a ten-year period, identified the potential for both districts to utilize Dennis Township schools. A larger pool of students could allow for a more efficient utilization of resources.
In fiscal year 2010, the district, at the recommendation of their architect, contracted for the installation of solar panels in anticipation that the sale of Solar Renewable Energy Certificates (SRECs), generated by the panels, plus resulting energy savings would cover the local share of debt service payments on a larger scope of projects including the solar panels, a new roof, a security system, kitchen upgrades, and flooring. Local taxpayers approved a bond referendum totaling $3,682,000 for these projects with the promise of a zero tax increase. The district had an option to lock into a contract rate for future SREC sales and chose not to do so. During fiscal year 2012, when the district’s first SREC sales were initiated, the sale value of an SREC drastically decreased from $630 to $165. At fiscal year-end, the district generated $120,000 less than required to cover the debt service payment. In fiscal year 2013, a tax levy was required from the local government to cover payments and has continued into fiscal year 2016.

Total project cost with interest is $4,792,000 with annual payments averaging $320,000 over 15 years. The state is responsible for approximately half of all projects costs, which is received
through debt service aid payments. Based on the information provided, the solar panel portion of the project cost an estimated $2.8 million including interest. Between fiscal years 2012 and 2016, we identified annual average SREC sales of $54,000 which falls short of initial projections. The architect projected that the district would realize net revenue between $1.1 and $1.3 million and zero project costs by the end of the bond repayment plan in 2025. However, our calculations indicate the project will cost the district $751,000 including SREC sales and energy savings. Additionally, we noted that it will take approximately 26 years to recover the full cost of the solar panel portion of the project.
Response to Audit Observation regarding School Consolidation

In the Confidential Draft of the Audit conducted by the Office of State Auditor, dated October 13, 2016, an Observation was presented regarding combining resources with a neighboring school district that may achieve cost savings and a more effective and efficient use of funds. Within this section, several observations were noted.

Enrollment decline over a period of time
This is a trend that has occurred not only in Woodbine but in all of Cape May County. The District will review this and develop projections to be used in staffing to best utilize existing staff and develop plans for the most efficient utilization of personnel.

Certification of staff
The District will develop a listing of all professionals listing all certificates held

Student Schedules
Student schedules will continue to be developed manually in order to save costs

Consolidation with Dennis Township Schools
This term is not defined in the audit and it is left to the District to determine what this means. There are two options available under existing statute. One is establishing a sending-receiving relationship with Dennis and the other is regionalization. Either of these two requires a complete Feasibility Study to be conducted and presented to the Commissioner of Education. The cost of either study would be in the range of $25,000 to $40,000. In addition, the Study would be predicated on the Dennis Township Board of Education’s willingness to participate in the process and funding. In the event of regionalization, the voters of the District would also have to approve the change.

In any event, it appears that this option would result in a significant increase in costs. In a sending-receiving relationship, the increase would mainly fall into transportation and tuition. In the event of regionalization, the cost increase would likely fall to Dennis Township since it has a greater tax base. In both cases, the costs for maintaining the exiting school building would have to be considered and the loss of the school to the community would be a negative result. However, only through the above mentioned study would the efficacy of a “consolidation” be identified.

The Woodbine District does not believe that this option is cost effective.

Sincerely,

Anthony DeVico
Superintendent, Woodbine School District