

ROSELAND BOARD OF EDUCATION  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016

ROSELAND BOARD OF EDUCATION  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
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October 7, 2016

The Honorable President and Members  
of the Board of Education  
Roseland Board of Education  
County of Essex, New Jersey

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 financial statements of the Board of Education of the Roseland Borough School District in the County of Essex for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 7, 2016.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated October 7, 2016, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments, recommendations and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation.

This report is intended for the information of the Roseland Borough School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*NISIVOCCIA LLP*

NISIVOCCIA LLP

John J. Mooney  
Licensed Public School Accountant #2602  
Certified Public Accountant

ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

| <u>Name</u>       | <u>Position</u>                            | <u>Coverage</u> |
|-------------------|--|-----------------|
| Jason Bohm        | Business Administrator/<br>Board Secretary | \$ 190,000      |
| Michael Falkowski | Treasurer of School Monies                 | \$ 190,000      |

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 decrease in per pupil costs in accordance with N.J.A.C.6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account (Cont'd)

All payrolls were approved by the Superintendent and certified by the President of the Board and the School Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis 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: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 testing procedures. In addition to randomly selecting as a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have one finding noted below.

Finding:

During the course of our audit, we noted that the original adopted budget appropriations was entered into the accounting system incorrectly.

Recommendation:

It is recommended that the District take greater care when entering the original adopted budget into the accounting system.

Management's Response:

The District will take greater care when entering the original adopted budget.

ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

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.

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.

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, 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 quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 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 a general delegation of the power to negotiate and award such contracts pursuant to this section.

ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

School Purchasing Programs (Cont'd)

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

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 or 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 . . . ."

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 . . . ."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 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 contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney'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. General compliance was noted.

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.

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.

ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

School Food Service

The school food service was not selected as a major federal and/or state program and state and federal program expenditures did not exceed \$100,000 in federal and/or state support.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Proprietary Funds, Section G of the District's CAFR.

Finding:

Net cash resources of the Food Service Fund exceeded three months average expenditures. The District has a plan in place, therefore, a formal recommendation is not deemed necessary at this time.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual and low income. 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 no exceptions. The information that was included on the workpapers was verified on a test basis 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 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.



ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in compliance with the travel regulations.

Facilities and Capital Assets

There were no SDA Grant funds received or expended in the current year.

Management Suggestions

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District's fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

ROSELAND BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Status of Prior Year's Findings/Recommendations

The prior year recommendation #1, regarding the District review all reconciliations performed to ensure that any unidentifiable amounts are investigated and liquidated, was corrected during the current fiscal year.

The prior year recommendation #2, regarding all funds deposited into the general fund for federal and state reimbursements be transferred to the food service fund on a monthly basis, was corrected during the current fiscal year.

ROSELAND BOROUGH BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

|                                | 2016-2017 Application for State School Aid |        |                                      |        |        |        | Sample for Verification               |        |                                      |        |        |        |
|--------------------------------|--|--------|--------------------------------------|--------|--------|--------|---------------------------------------|--------|--------------------------------------|--------|--------|--------|
|                                | Reported on<br>ASSA<br>On Roll             |        | Reported on<br>Workpapers<br>On Roll |        | Errors |        | Sample<br>Selected from<br>Workpapers |        | Verified per<br>Registers<br>On Roll |        | Errors |        |
|                                | Full                                       | Shared | Full                                 | Shared | Full   | Shared | Full                                  | Shared | Full                                 | Shared | Full   | Shared |
|                                |  |        |                                      |        |        |        |                                       |        |                                      |        |        |        |
| Half Day Preschool 3 Years Old | 8  |        | 8                                    |        |        |        | 8                                     |        | 8                                    |        |        |        |
| Half Day Preschool 4 Years Old | 8  |        | 8                                    |        |        |        | 8                                     |        | 8                                    |        |        |        |
| Full Day Kindergarten          | 57   |        | 57                                   |        |        |        | 57                                    |        | 57                                   |        |        |        |
| Grade One                      | 51   |        | 51                                   |        |        |        | 51                                    |        | 51                                   |        |        |        |
| Grade Two                      | 51   |        | 51                                   |        |        |        | 51                                    |        | 51                                   |        |        |        |
| Grade Three                    | 49   |        | 49                                   |        |        |        | 49                                    |        | 49                                   |        |        |        |
| Grade Four                     | 48   |        | 48                                   |        |        |        | 48                                    |        | 48                                   |        |        |        |
| Grade Five                     | 46   |        | 46                                   |        |        |        | 46                                    |        | 46                                   |        |        |        |
| Grade Six                      | 58   |        | 58                                   |        |        |        | 58                                    |        | 58                                   |        |        |        |
| Subtotal                       | 376  |        | 376                                  |        |        |        | 376                                   |        | 376                                  |        |        |        |
| Special Education:             |  |        |                                      |        |        |        |                                       |        |                                      |        |        |        |
| Elementary                     | 52   |        | 52                                   |        |        |        | 9                                     |        | 9                                    |        |        |        |
| Middle                         | 6  |        | 6                                    |        |        |        | 3                                     |        | 3                                    |        |        |        |
| Subtotal                       | 58   |        | 58                                   |        |        |        | 12                                    |        | 12                                   |        |        |        |
| Totals                         | 434  | -0-    | 434                                  | -0-    | -0-    | -0-    | 388                                   | -0-    | 388                                  | -0-    | -0-    | -0-    |
| Percentage Error               |  |        |                                      |        | 0.00%  | 0.00%  |                                       |        |                                      |        | 0.00%  | 0.00%  |

ROSELAND BOROUGH BOARD OF EDUCATION  
 SCHEDULE OF AUDITED ENROLLMENT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2015

|                       | Private Schools for Disabled        |   |                         |                 |               | Resident Low Income            |                                      |        |                                 |                                      |               |
|-----------------------|-------------------------------------|---|-------------------------|-----------------|---------------|--------------------------------|--------------------------------------|--------|---------------------------------|--------------------------------------|---------------|
|                       | Reported on ASSA as Private Schools | Reported on Workpapers as Private Schools | Sample for Verficiation | Sample Verified | Sample Errors | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors |
| Full Day Kindergarten |                                     |   |                         |                 |               | 2                              | 2                                    |        | 1                               | 1                                    |               |
| Grade One             |                                     |   |                         |                 |               | 2                              | 2                                    |        | 1                               | 1                                    |               |
| Grade Two             |                                     |   |                         |                 |               | 1                              | 1                                    |        |                                 |                                      |               |
| Grade Three           |                                     |   |                         |                 |               | 3                              | 3                                    |        | 1                               | 1                                    |               |
| Grade Five            |                                     |   |                         |                 |               | 1                              | 1                                    |        |                                 |                                      |               |
| Grade Six             |                                     |   |                         |                 |               | 1                              | 1                                    |        |                                 |                                      |               |
| Subtotal              |                                     |   |                         |                 |               | 10                             | 10                                   |        | 3                               | 3                                    |               |
| Special Education:    |                                     |   |                         |                 |               |                                |                                      |        |                                 |                                      |               |
| Elementary School     | 2                                   | 2   | 1                       | 1               |               | 5                              | 5                                    |        | 2                               | 2                                    |               |
| Middle School         |                                     |   |                         |                 |               | 2                              | 2                                    |        | 1                               | 1                                    |               |
| Subtotal              | 2                                   | 2   | 1                       | 1               |               | 7                              | 7                                    |        | 3                               | 3                                    |               |
| Totals                | 2                                   | 2   | 1                       | 1               |               | 17                             | 17                                   |        | 6                               | 6                                    |               |
| Percentage Error      |                                     |   | 0.00%                   |                 |               | 0.00%                          |                                      |        | 0.00%                           |                                      | 0.00%         |

ROSELAND BOROUGH BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

|                    | Resident LEP Low Income                     |   |        |  |  |                  |
|--------------------|---|---|--------|--|--|------------------|
|                    | Reported on<br>ASSA as<br>LEP Low<br>Income | Reported on<br>Workpapers<br>as LEP Low<br>Income | Errors | Sample<br>Selected<br>from<br>Workpapers | Verified to<br>Test Scores,<br>Application<br>and Register | Sample<br>Errors |
| Grade One          | 1   | 1   |        | 1  | 1  |                  |
| Subtotal           | 1   | 1   |        | 1  | 1  |                  |
| Special Education: |   |   |        |  |  |                  |
| Elementary School  | 1   | 1   |        |  |  |                  |
| Subtotal           | 1   | 1   |        |  |  |                  |
| Totals             | 2   | 2   |        | 1  | 1  |                  |
| Percentage Error   |   |   | 0.00%  |  |  | 0.00%            |

ROSELAND BOROUGH BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

|                       | Resident LEP Not Low Income                     |   |              |  |  |                  |
|-----------------------|---|---|--------------|--|--|------------------|
|                       | Reported on<br>ASSA as<br>LEP Not<br>Low Income | Reported on<br>Workpapers<br>as LEP Not<br>Low Income | Errors       | Sample<br>Selected<br>from<br>Workpapers | Verified to<br>Test Scores<br>and Register | Sample<br>Errors |
| Full Day Kindergarten |   |   |              |  |  |                  |
| Half Day Kindergarten |   |   |              |  |  |                  |
| Grade One             | 1   | 1   |              |  |  |                  |
| Grade Two             |   |   |              |  |  |                  |
| Grade Three           |   |   |              |  |  |                  |
| Grade Four            | 1   | 1   |              | 1  | 1  |                  |
| Grade Five            |   |   |              |  |  |                  |
| Grade Six             | 1   | 1   |              |  |  |                  |
| Subtotal              | <u>3</u>  | <u>3</u>  |              | <u>1</u>                                 | <u>1</u>                                   |                  |
| Special Education:    |   |   |              |  |  |                  |
| Elementary School     | 1   | 1   |              | 1  | 1  |                  |
| Subtotal              | <u>1</u>  | <u>1</u>  |              | <u>1</u>                                 | <u>1</u>                                   |                  |
| Totals                | <u>4</u>  | <u>4</u>  |              | <u>2</u>                                 | <u>2</u>                                   |                  |
| Percentage Error      |   |   | <u>0.00%</u> |  |  | <u>0.00%</u>     |

ROSELAND BOROUGH BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

|                             | Transportation                 |                                     |              |           |           |              |
|-----------------------------|--------------------------------|-------------------------------------|--------------|-----------|-----------|--------------|
|                             | Reported<br>on DRTRS<br>by DOE | Reported<br>on DRTRS<br>by District | Errors       | Tested    | Verified  | Errors       |
| Regular - Public Schools    | 116                            | 116                                 |              | 12        | 12        |              |
| Regular - Special Education | 9                              | 9                                   |              | 3         | 3         |              |
| Special Needs - Public      | 14                             | 14                                  |              | 4         | 4         |              |
| Special Needs - Private     | 1                              | 1                                   |              | 1         | 1         |              |
| Totals                      | <u>140</u>                     | <u>140</u>                          |              | <u>20</u> | <u>20</u> |              |
| Percentage Error            |                                |                                     | <u>0.00%</u> |           |           | <u>0.00%</u> |

|  | Reported | Recalculated |
|--|----------|--------------|
| Average Mileage - Regular Including Grade PK Students  | 2.8      | 2.8          |
| Average Mileage - Regular Excluding Grade PK Students  | 2.8      | 2.8          |
| Average Mileage - Special Education with Special Needs | 2.9      | 2.9          |

ROSELAND BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2016

**Regular District****Section 1****2% Calculation of Excess Surplus**

|  |                          |                       |
|--|--------------------------|-----------------------|
| 2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1        | <u>\$ 8,690,309</u> (B)  |                       |
| Increased by:  |                          |                       |
| Transfer from Capital Outlay to Capital Projects Fund                | <u>\$ -0-</u> (B1a)      |                       |
| Transfer from Capital Reserve to Capital Projects Fund               | <u>\$ -0-</u> (B1b)      |                       |
| Decreased by:  |                          |                       |
| On-Behalf TPAF Pension and Social Security                           | <u>\$ 856,292</u> (B2a)  |                       |
| Assets Acquired Under Capital Leases                                 | <u>\$ -0-</u> (B2b)      |                       |
| Adjusted 2015-16 General Fund Expenditures<br>[(B)+(B1's)-(B2's)]    | <u>\$ 7,834,017</u> (B3) |                       |
| 2% of Adjusted 2015-16 General Fund Expenditures<br>[(B5) times .02] | <u>\$ 156,680</u> (B4)   |                       |
| Enter Greater of (B4) or \$250,000                                   | <u>\$ 250,000</u> (B5)   |                       |
| Increased by: Allowable Adjustment                                   | <u>\$ 6,172</u> (K)      |                       |
| Maximum Unassigned Fund Balance [(B5)+(K)]                           |                          | <u>\$ 256,172</u> (M) |

**Section 2**

|  |                        |                       |
|--|------------------------|-----------------------|
| Total General Fund - Fund Balances @ 6/30/16<br>(Per CAFR Budgetary Comparison Schedule/Statement) | <u>\$ 924,188</u> (C)  |                       |
| Decreased by:  |                        |                       |
| Year-end Encumbrances  | <u>\$ 33,284</u> (C1)  |                       |
| Legally Restricted - Designated for Subsequent<br>Year's Expenditures                              | <u>\$ -0-</u> (C2)     |                       |
| Legally Restricted Excess Surplus - Designated for Subsequent<br>Year's Expenditures               | <u>\$ 60,488</u> (C3)  |                       |
| Other Restricted Fund Balances   | <u>\$ 299,036</u> (C4) |                       |
| Assigned - Designated for Subsequent<br>Year's Expenditures  | <u>\$ 20,210</u> (C5)  |                       |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]                                       |                        | <u>\$ 511,170</u> (U) |

**Section 3**

|   |  |                       |
|---|--|-----------------------|
| Restricted Fund Balance-Excess Surplus [(U)-(M)] IF NEGATIVE, ENTER -0- |  | <u>\$ 254,998</u> (E) |
|---|--|-----------------------|



ROSELAND BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2016

**Recapitulation of Excess Surplus as of June 30, 2016**

|   |                              |
|---|------------------------------|
| Restricted Excess Surplus - Designated for Subsequent Year's Expenditures | \$ 60,488 (C3)               |
| Restricted Excess Surplus [(E)]   | <u>\$ 254,998 (E)</u>        |
| Total [(C3)+(E)]  | <u><u>\$ 315,486 (D)</u></u> |

**Detail of Allowable Adjustments**

|  |                            |
|--|----------------------------|
| Impact Aid                                     | \$ -0- (H)                 |
| Sale & Lease-back                              | \$ -0- (I)                 |
| Extraordinary Aid                              | \$ 6,172 (J1)              |
| Additional Nonpublic School Transportation Aid | <u>\$ -0- (J2)</u>         |
| Total Adjustments (H)+(I)+(J1)+(J2)+(J3)       | <u><u>\$ 6,172 (K)</u></u> |

**Detail of Other Restricted Fund Balances**

Statutory Restrictions:

|   |                                |
|---|--------------------------------|
| Approved Unspent Separate Proposal            | \$ -                           |
| Sale/Lease-back Reserve                       | \$ -                           |
| Capital Reserve (N-1)                         | \$ 299,036                     |
| Maintenance Reserve (N-2)                     | \$ -                           |
| Tuition Reserve (N-3)                         | \$ -                           |
| Emergency Reserve (N-4)                       | \$ -                           |
| Other Restricted Fund Balance not Noted Above | <u>\$ -</u>                    |
| Total Other Restricted Fund Balance           | <u><u>\$ 299,036 (C-4)</u></u> |

ROSELAND BOARD OF EDUCATION  
SUMMARY  
JULY 1, 2015 THROUGH JUNE 30, 2016  
 (Continued)

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - a. The District take greater care when entering the original adopted budget into the accounting system.
3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Status of Prior Year's Findings/Recommendations

The prior year recommendation #1, regarding the District review all reconciliations performed to ensure that any unidentifiable amounts are investigated and liquidated, was corrected during the current fiscal year.

The prior year recommendation #2, regarding all funds deposited into the general fund for federal and state reimbursements be transferred to the food service fund on a monthly basis, was corrected during the current fiscal year.