

Auditor's Management Report

for the

*Borough of Roselle
School District*

in the

*County of Union
New Jersey*

for the

*Fiscal Year Ended
June 30, 2018*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Roselle School District
County of Union
Roselle, New Jersey 07203

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Roselle School District in the County of Union for the year ended June 30, 2018, and have issued our report dated February 11, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Borough of Roselle School District, County of Union, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 11, 2019

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

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 Borough of Roselle Board of Education, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance (N.J.S.A. 18A:17-26, 18A: 17-32)

Insurance coverage was carried in the amounts as detailed in the District's CAFR (See Exhibit "J-20").

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
Brian McCarthy	Treasurer of School Monies	\$310,000.00
Anthony Juskiewicz	Business Administrator/Board Secretary	\$310,000.00
All Employees	Blanket Bond	\$250,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

Our audit of the districts practices and procedures also included:

2018-1 Finding: Through our usage of the department of education's administrative questionnaire and conversation with district personnel, it was revealed that the district's legal costs exceeded 130% of the statewide average, did not implement cost containment procedures, and did not provide evidence that such procedures would not result in cost reductions.

2018-1 Recommendation: That the District implement cost containment procedures for legal expenses or provide evidence that such procedures would not result in a reduction of costs per N.J.A.C. 6A:23A-5.2.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under audit revealed the following:

2018-02 Finding: Our test of expenditures revealed there are numerous missing purchase orders/voucher packages and numerous checks are not signed by all applicable personnel as required by board approved policy.

2018-02 Recommendation: That purchase orders and all applicable support documentation be maintained on-file for all purchases, and that checks be signed by all applicable personnel in accordance with board approved policy.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Payroll Account

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

2018-03 Finding: An analysis of the balance on deposit in the Salary and Payroll Agency accounts were not maintained.

2018-03 Recommendation: That balances on deposit in the Salary and Payroll Agency accounts be analyzed monthly.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability (Current) for 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. Our procedures revealed the following:

2018-04 Finding: Our audit revealed numerous purchase orders remained open at year end which should have been canceled. Audit adjustments were suggested to improve the accuracy of the balance.

2018-04 Recommendation: That the District implement controls to monitor and address open purchase orders in a timely fashion.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the 'Liability Method'. Under this plan, the District is required to calculate and pay the amount required on a quarterly basis based upon rates as determined by the New Jersey Department of Labor.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, the following was discovered:

2018-05 Finding: Our audit revealed instances in the capital outlay section of the expenditures where line items intended for transfers to other funds, construction, and equipment purchases were used improperly.

2018-05 Recommendation: That the District improve controls over usage of capital outlay budget line items in accordance with the state chart of accounts.

Board Secretary's Records

Our audit of the financial records and books of account of the Board Secretary revealed the following:

2018-06 Finding: Our audit revealed instances of missing and incorrect journal entries, which resulted in several inaccurate account balances in the District's general ledgers.

2018-06 Recommendation: That the business office implement controls to ensure all journal entries are made to the accounting records on a timely basis.

2018-07 Finding: There is a substantial grant balance receivable from the Schools Development Authority for capital projects expenditures funded under the Educational Facilities Construction Financing Act. This receivable is several years old and the required reimbursement reports have not been filed with the SDA.

2018-07 Recommendation: That the district make every effort to file all the necessary reimbursement reports in order to receive it's funding from the School Development Authority.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Board Secretary's Records (Continued)

2018-08 Finding: Our auditing of the payroll processing department revealed that improvements are needed to the controls over: calculations used for health benefit waiver payments, submission of monthly pension payments, timely payment of employment taxes, approval of payroll registers by the board president, board secretary, and chief school administrator, timely filing of E-Cert 1, signing of employment contracts, payment of salaries within agreed upon salary guides, and maintaining documentation on file for audit for accumulated absences and year end W-2 reports.

2018-08 Recommendation: That controls be improved over payroll processing and related activities.

2018-09 Finding: The District did not receive from the Borough of Roselle the full amount of district taxes due by June 30, 2018 in accordance with N.J.S.A. 54:4-75.

2018-09 Recommendation: That the District collect all taxes due by June 30 in accordance with NJSA 54:4-75.

2018-10 Finding: Our audit of the District travel reimbursement expenditures revealed there is no control or procedure in place to monitor cumulative totals by employee to ensure the maximum is not exceeded.

2018-10 Recommendation: That the District improve controls over travel reimbursement expenditures.

2018-11 Finding: Our examination of the District's issuance of IRS form 1099's revealed 1099's were not issued to applicable vendors.

2018-11 Recommendation: That the District issue 1099's to all applicable vendors each year.

Treasurer's Records

Our audit included an examination of the Treasurer of School Monies' monthly report and bank reconciliations and revealed the following:

2018-12 Finding: Our examination revealed numerous months where bank reconciliations and treasurer's reports were not prepared and approved by the board of education.

2018-12 Recommendation: That the District ensures the Treasurer or other qualified personnel prepare and file bank reconciliations and a Treasurer's report on a monthly basis.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

**Elementary and Secondary Education Act/ Improving America's Schools Act (IASA) as
Reauthorized by the No Child Left Behind Act 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 projects under Title II and III of the Elementary and Secondary Education Act as amended and reauthorized.

2018-13 Finding: Our audit revealed reimbursements were not requested and received timely for program expenditures made during the grant period for the IDEA, NCLB, and Perkins programs. The result is a large receivable balance that can have a negative impact on the District's overall cash flow.

2018-13 Recommendation: That program expenditure reimbursement reports be filed for all federal programs on a timely basis.

Other Special Federal and 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.

T.P.A.F. Reimbursement

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

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

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

The District is required to reimburse the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds. The following exception was noted:

2018-14 Finding: The District did not complete the reimbursement voucher or make payment to the State as required for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds.

2018-14 Recommendation: That the TPAF/FICA reimbursement report be filed on a timely basis as required by N.J.S.A. 18A-66-90.

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 \$29,000.00, 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 therefor, 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. (pending before the Legislature as section 15 of this bill) 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 \$40,000.00. 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.

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 \$1,000.00. 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 every 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."

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 therefor, except as is provided otherwise in this chapter or specifically by any other law.

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,000.00.

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.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5. Our review of controls over professional contracts revealed the following:

2018-15 Finding: Our audit of the District's purchasing revealed that numerous items over the bid threshold were not awarded by the board of education in the minutes; and also that documentation for contracts that required bids and/or professional services contracts were not maintained on file for audit.

2018-15 Recommendation: That all items over the bid threshold be properly awarded by the board of education; and that all required documentation related to items over the bid threshold and professional services contracts be maintained on file and available for audit.

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.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL FOOD SERVICE FUND

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. We also inquired as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted. 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, with the following exceptions noted:

2018-16 Finding: The District did not take the proper steps in a timely fashion to receive the last four month's federal and state subsidy reimbursements for free and reduced lunch programs in a timely fashion or accrue these amount on their general ledger.

2018-16 Recommendation: That the District implement controls to ensure all federal and state subsidy reimbursement claims are accrued and received on a timely basis.

Cash receipts and bank records were reviewed for timely deposit without exception. The District is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement vouchers were properly computed and timely filed. Meals claimed agreed with the meal count records tested. No exceptions were noted.

Applications for free and reduced meals were reviewed for completeness and accuracy. The number of free and reduced meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted. Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted. Payroll records were maintained on all school food service employees. No exceptions were noted.

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. Provisions of the food service management contract addendum were reviewed and audited. The food service management contract includes an operating results provision which guarantees that the food service program will have a net profit of \$20,000 or more. The operating results provision has been met.

Exhibits reflecting Child Nutrition Program operations are included in Exhibits B-4, B-5, and B-6 of the CAFR.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

STUDENT BODY ACTIVITIES

Student Activities & Athletics Accounts

Our review of the student activity funds disclosed the following findings:

2018-17 Finding: Our examination of the District's student activity funds revealed that bank reconciliations are not being properly prepared each month. Also, an analysis of the balance of each account's activity, club, & class sub-accounts is not being maintained.

2018-17 Recommendation: That accurate bank reconciliations be prepared and the balance on deposit be analyzed monthly.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 13, 2017 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. Our audit revealed:

2018-18 Finding: There are inconsistencies between totals reported on the A.S.S.A. as compared to the districts support documentation for resident low income, resident LEP low income, and resident LEP not low income.

2018-18 Recommendation: That the District improve controls over accurately reporting student enrollment data on the A.S.S.A.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2017-18 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments, including:

2018-19 Finding: There are inconsistencies between totals reported on the DRTRS as compared to the districts support documentation.

2018-19 Recommendation: That the District improve controls over accurately reporting student transportation data on the DRTRS.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

FACILITIES AND CAPITAL ASSETS

Our procedures included review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

2018-20 Finding: The Capital Assets ledger provided by the District for the fiscal year 2018 was inaccurate and incomplete.

2018-20 Recommendation: That the District maintain an accurate and detailed Capital Assets ledger.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

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

2018-21 Finding: Per conversation with the business administrator and facilities manager, the 'Statement of Assurance' form required by the department of education was not filed until requested by the audit team, nearly three months past the deadline.

2018-21 Recommendation: That the District comply with the department of education requirements for lead testing reporting each year.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. The items noted on the following page with an "*" are repeat unresolved items.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

It is recommended that:

1. Administrative Practices and Procedures

2018-01 Recommendation: That the District implement cost containment procedures for legal expenses or provide evidence that such procedure would not result in a reduction of costs per N.J.A.C. 6A:23A-5.2.

2. Financial Planning, Accounting and Reporting

2018-02 Recommendation: That purchase orders and all applicable support documentation be maintained on-file for all purchases, and that checks be signed by all applicable personnel in accordance with board approved policy.

*2018-03 Recommendation: That balances on deposit in the Salary and Payroll Agency accounts be analyzed monthly.

2018-04 Recommendation: That the District implement controls to monitor and address open purchase orders in a timely fashion.

2018-05 Recommendation: That the District improve controls over usage of capital outlay budget line items in accordance with the state chart of accounts.

*2018-06 Recommendation: That the business office implement controls to ensure all journal entries are made to the accounting records on a timely basis.

*2018-07 Recommendation: That the district make every effort to file all the necessary reimbursement reports in order to receive it's funding from the School Development Authority.

*2018-08 Recommendation: That controls be improved over payroll processing and related activities

*2018-09 Recommendation: That the District collect all taxes due by June 30 in accordance with N.J..S.A. 54:4-75.

*2018-10 Recommendation: That the District improve controls over travel reimbursement expenditures.

*2018-11 Recommendation: That the District issue 1099's to all applicable vendors each year.

*2018-12 Recommendation: That the District ensures the Treasurer or other qualified personnel prepare and file bank reconciliations and a Treasurer's report on a monthly basis.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

2. Financial Planning, Accounting and Reporting (Continued)

*2018-13 Recommendation: That program expenditure reimbursement reports be filed for all federal programs on a timely basis.

*2018-14 Recommendation: That the TPAF/FICA reimbursement report be filed on a timely basis as required by N.J.S.A. 18A-66-90.

3. School Purchasing Program

*2018-15 Recommendation: That all items over the bid threshold be properly awarded by the board of education; and that all required documentation related to items over the bid threshold and professional services contracts be maintained on file and available for audit.

4. School Food Service

2018-16 Recommendation: That the District implement controls to ensure all federal and state subsidy reimbursement claims are accrued and received on a timely basis.

5. Student Body Activities

*2018-17 Recommendation: That accurate bank reconciliations be prepared and the balance on deposit be analyzed monthly.

6. Application for State School Aid

2018-18 Recommendation: That the District improve controls over accurately reporting student enrollment data on the A.S.S.A.

7. Pupil Transportation

2018-19 Recommendation: That the District improve controls over accurately reporting student transportation data on the DRTRS.

8. Facilities and Capital Assets

*2018-20 Recommendation: That the District maintain an accurate and detailed Capital Assets Ledger.

9. Testing for Lead of All Drinking Water in Educational Facilities

2018-21 Recommendation: That the District comply with the department of education requirements for lead testing reporting each year.

10. Status of Prior Year's Findings/Recommendations

Items notated above with an '**' are repeated/unresolved findings.

BOROUGH OF ROSELLE SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 13, 2017

	2018-19 Application for State School Aid				Sample for Verification				Private School for Handicapped					
	Reported on A.S.S.A. as on Roll		Reported on Workpapers on Roll		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Pre-K 3yr	5		5				2		2					
Half Day Pre-K 4yr	18		18			5		5						
Full Day Pre-K 3yr	5		5			2		2						
Full Day Pre-K 4yr	17		17			5		5						
Full Day Kindergarten	200		200			20		20						
One	223		222		1	16		16						
Two	196		194		2	20		20						
Three	211		210		1	15		15						
Four	228		225		3	20		20						
Five	188		188			15		15						
Six	224		224			20		20						
Seven	200		200			25		25						
Eight	175		175			20		20						
Nine	174		174			15		15						
Ten	156	2	156	2		12		12						
Eleven	157	1	157	1		12		12						
Twelve	162	5	162			20		20						
Subtotal	2,539	8	2,532	3	7	244		244						
SpEd Elementary (PK-5)	169		178		-9	30		30						
SpEd Middle School (6-8)	76		76			10		10						
SpEd High School	86	1	86	1		7		7						
Subtotal	331	1	340	1	-9	47		47						
Totals	2,870	9	2,872	4	-2	291		291						

Percentage -0.07%

BOROUGH OF ROSELLE SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 13, 2017

	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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-School	146	146		20	18	-2	57	44	-13	20	19	-1
Full Day Kindergarten	168	168		20	16	-4	46	45	-1	20	19	-1
One	164	161	-3	20	19	-1	34	33	-1	20	17	-3
Two	178	177	-1	20	17	-3	48	47	-1	20	20	
Three	183	181	-2	20	20		31	31		20	19	-1
Four	144	140	-4	20	18	-2	16	16		10	9	-1
Five	182	180	-2	20	19	-1	9	9		5	4	-1
Six	152	150	-2	20	20		18	19	1	10	10	
Seven	132	129	-3	20	16	-4	10	10		5	5	
Eight	140	138	-2	20	17	-3	11	11		5	5	
Nine	113.5	113.5		20	16	-4	15	15		5	3	-2
Ten	125.5	125.5		20	17	-3	17	17		5	4	-1
Eleven	126.5	126.5		20	18	-2	14	14		5	5	
Twelve	1954.5	1935.5	-19	260	231	-29	326	311	-15	150	139	-11
Subtotal												
SpEd Elementary	136	136		14	13	-1	24	24		11	10	-1
SpEd Middle School	57	56	-1	5	5		1					
SpEd High School	72.5	68	-5	5	5							
Subtotal	265.5	260	-6	24	23	-1	25	24	-1	11	10	-1
Totals	2,220.0	2,195	-25.0	284	254	-30	351	335	-16	161	149	-12
Percentage Error			-1.13%			-10.56%			-4.56%			-7.45%

	Transportation		
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors
Reg. - Public Schools, col. 1	93	93	
Reg -SpEd, col. 4	57.5	57.5	
Special Ed Spec, col. 6	18.5	18.5	
Totals	169	169	
Percentage Error			63.56%

BOROUGH OF ROSELLE SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Pre-School						
Full Day Pre-School						
Full Day Kindergarten	11	13	2	3	3	
One	6	7	1	3	2	-1
Two						
Three	2	3	1	2		-2
Four	1	1		1		-1
Five						
Six	2	2		1	1	
Seven	3	2	-1	1	1	
Eight						
Nine	1	1		1	1	
Ten	1	1		1	1	
Eleven						
Twelve	1	1		1	1	
Subtotal	<u>28</u>	<u>31</u>	<u>3</u>	<u>14</u>	<u>10</u>	<u>-4</u>
SpEd Elementary	5	1	-4	1		-1
SpEd Middle School						
SpEd High School						
Subtotal	<u>5</u>	<u>1</u>	<u>-4</u>	<u>1</u>		<u>-1</u>
Totals	<u>33</u>	<u>32</u>	<u>(1)</u>	<u>15</u>	<u>10</u>	<u>(5)</u>
Percentage Error			<u>-3.03%</u>			<u>-33.33%</u>

BOROUGH OF ROSELLE SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION 1

2% Calculation of Excess Surplus (2017-18 Expenditures of \$100 Million or Less)

2017 - 2018 Total General Fund Expenditures	\$ <u>57,404,407.74</u>	
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	<u>2,692,575.00</u>	
Decreased by:		
On-Behalf TPAF Pension, PRM, LTD, and Social Security	<u>6,168,529.86</u>	
Assets Acquired Under Capital Leases	<u>480,074.50</u>	
Adjusted 2017 - 2018 General Fund Expenditures		\$ <u>53,448,378.38</u>
2% of Adjusted 2017 - 2018 General Fund Expenditures		<u>1,068,967.57</u>
Greater of Line Above or \$250,000.00		<u>1,068,967.57</u>
Increased by: Allowable Adjustment		<u>119,836.00</u>
Maximum Unreserved/Undesignated Fund Balance		\$ <u>1,188,803.57</u>

SECTION 2

Total General Fund Balances at June 30, 2018	\$ <u>9,335,679.37</u>	
Decreased by:		
Year End Encumbrances	<u>588,239.32</u>	
Legally Restricted-Excess Surplus-Designated For Subsequent Year's Expenditures	<u>3,740,000.00</u>	
Assigned Fund Balance-Unreserved-Designated For Subsequent Year's Expenditures	<u>142,178.00</u>	
Other Restricted Fund Balances (Capital Reserve, Maintenance Reserve, Emergency Reserve)	<u>976,458.48</u>	
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation		<u>3,888,803.57</u>

SECTION 3

Reserved Fund Balance-Excess Surplus		\$ <u>2,700,000.00</u>
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Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		\$ <u>3,740,000.00</u>
Reserved Excess Surplus		<u>2,700,000.00</u>
Total		\$ <u>6,440,000.00</u>

Detail of Allowable Adjustments

Additional/Unbudgeted Extraordinary Aid		\$ <u>119,836.00</u>
		\$ <u>119,836.00</u>

ROSELLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Severe Rate)	Free	257,603	86,261	86,261	0	3.25	0.00
	Reduced	38,410	12,712	12,712	0	2.85	0.00
	Paid	83,831	26,146	26,146	0	0.33	0.00
	TOTAL	379,844	125,119	125,119			0.00
School Breakfast (Severe Rate)	Free	107,972	36,823	36,823	0	2.09	0.00
	Reduced	13,372	4,528	4,528	0	1.79	0.00
	Paid	23,413	7,506	7,506	0	0.30	0.00
	TOTAL	144,757	48,857	48,857			0.00
School Breakfast (Regular Rate)	Free	93	29	29	0	1.75	0.00
	Reduced	7	5	5	0	1.45	0.00
	Paid	418	131	131	0	0.30	0.00
	TOTAL	518	165	165			0.00
After School Snacks	Free (Area Eligible)	54,483	15,847	15,847	0	0.88	0.00
	TOTAL	54,483	15,847	15,847			0.00
Total Net Overclaim (Underclaim)							0.00

ROSELLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL</u> <u>CATEGORY</u>	<u>MEALS</u> <u>CLAIMED</u>	<u>MEALS</u> <u>TESTED</u>	<u>MEALS</u> <u>VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER)</u> <u>UNDER</u> <u>CLAIM (b)</u>
State Reimbursement - National School Lunch (Severe Rate)	Free	257,603	86,261	86,261	0	0.55	0.00
State Reimbursement - National School Lunch (Severe Rate)	Reduced	38,410	12,712	12,712	0	0.55	0.00
State Reimbursement - National School Lunch (Severe Rate)	Paid	83,831	26,146	26,146	0	0.05	0.00
	TOTAL	<u>379,844</u>	<u>125,119</u>	<u>125,119</u>			
Total Net Overclaim (Underclaim)							<u><u>0.00</u></u>

BOROUGH OF ROSELLE SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE - FOOD SERVICE
JUNE 30, 2018

Food Service
B - 4/5

Net Cash Resources:

CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	(692,986.16)
B-4		Due from Other Gov'ts	676,373.62
B-4		Accounts Receivable	128,606.04
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(20,413.46)
B-4		Less Due to Other Funds	(25,935.00)
B-4		Less Unearned Revenue	(15,845.21)
Net Cash Resources			49,799.83

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,043,988.58
B-5	Less Depreciation	(15,141.65)
		2,028,846.93

Average Monthly Operating Expense:

B / 10	202,884.69
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Three times monthly Average:

3 X C	608,654.08
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TOTAL IN BOX A		49,799.83
LESS TOTAL IN BOX D		608,654.08
NET		558,854.25

A is ~~greater than D, cash exceeds 3 X average monthly operating expenses.~~
D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.

