

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

BOROUGH OF BOUND BROOK SCHOOL DISTRICTS
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
TABLE OF CONTENTS

Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance.....	2
Officials in Office and Surety Bonds.....	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	2
Examination of Claims	2
Payroll Account and Position Control Roster.....	2
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures - General Classifications and Administrative Classifications	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act.....	3
Other Special Federal and/or State Projects	4
T.P.A.F Reimbursement.....	4
T.P.A.F Reimbursement to the State for Federal Salary Expenditures	4
Travel Expenses	4
School Purchasing Programs	4-5
Contracts and Agreements Requiring Advertisement for Bids.....	4-5
School Food Service	6
Student Body Activities.....	7
Application for State School Aid.....	7
Pupil Transportation.....	7
Facilities and Capital Assets	7
Testing for Lead of all Drinking Water in Educational Facilities.....	7
Management Suggestions.....	7
Status of Prior Year's Findings/Recommendations.....	8
Schedule of Meal Count Activity	9
Schedule of Net Cash Resources	10
Schedule of Audited Enrollments	11-15
Excess Surplus Calculation.....	16-17
Summary of Recommendations.....	18



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-298-8500 | 973-298-8501 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
County of Somerset, 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 Borough of Bound Brook School District in the County of Somerset for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 8, 2019.

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 November 8, 2019, 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 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 Borough of Bound Brook 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.

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, 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>
Michael Steinmetz	Business Administrator/Board Secretary	\$ 350,000
Thomas Venanzi	Treasurer of School Moneys	350,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts 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. Based on the results of our testing, we have no comments.

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.

All payrolls tested were approved by the Chief School Administrator 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 withholding 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.

Finding

During our testing of salaries, it was noted that hourly employees' rates are not properly approved in the minutes by the board and the number of hours after which they must work to receive overtime is also not documented and approved by the board.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Payroll Account and Position Control Roster (Cont'd)

Recommendation

It is recommended that the District approve a salary resolution for all hourly employees and that the District pass a resolution authorizing overtime to hourly employees after a set number of hours worked.

Management Suggestion

The District will approve a salary resolution for all hourly employees and pass a resolution authorizing overtime to hourly employees after a set number of hours worked.

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 – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no significant 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 upon these procedures, we have no comments.

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.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained herein 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, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

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.

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, 2019. The reimbursement form was reviewed and no exceptions were noted.

Travel Expenses

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 include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

School Purchasing Programs (Cont'd)

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

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 \$19,000.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company (FMSC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FMSC Cost Reimbursable contract/addendum were reviewed and audited. The FMSC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$60,000. The operating results provision has been met. No exceptions were noted. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. 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 nonprofit status of the School Food Service Fund. No exceptions were noted.

Net cash resources did not exceed three months average expenditures.

Time sheets and labor costs provided to the District by the Food Service contractor were reviewed on a test basis without exception. Payroll records were maintained on all School Food Service employees authorized by the Board of Education.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and milk policy was reviewed for uniform administration throughout the school district. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

The school district provided the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-program Food Revenue tool at least annually. No exceptions were noted.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income students and bilingual education. 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 without 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 did maintain 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 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

There are no active SDA grant projects.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions:

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Management Suggestions: (Cont'd)

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, *Fiduciary Activities*, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Private Purpose Scholarship Trust, Flexible Spending Trust and Unemployment Trust Fund.

Status of Prior Year's Findings/Recommendations

There were no prior year recommendations.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) CLAIM
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(MEMORANDUM ONLY)

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Severe Rate)	Paid	47,267	14,125	14,125	-0-	\$ 0.33	\$ -0-
	Reduced	26,742	8,192	8,192	-0-	2.93	-0-
	Free	168,222	50,411	50,411	-0-	3.33	-0-
Total		<u>242,231</u>	<u>72,728</u>	<u>72,728</u>			<u>-0-</u>
National School Lunch (HHFKA)	PB Lunch	<u>242,231</u>	<u>72,728</u>	<u>72,728</u>	-0-	0.06	<u>-0-</u>
School Breakfast (Severe Rate)	Paid	76,326	21,830	21,830	-0-	0.31	-0-
	Reduced	26,071	7,714	7,714	-0-	1.84	-0-
	Free	151,495	43,587	43,587	-0-	2.14	-0-
Total		<u>274,511</u>	<u>81,500</u>	<u>81,500</u>			<u>-0-</u>
After School Snack (Severe Rate)	Paid	-0-	-0-	-0-	-0-	0.08	-0-
	Reduced	-0-	-0-	-0-	-0-	0.45	-0-
	Free	11,766	1,026	1,026	-0-	0.91	-0-
Total		<u>274,511</u>	<u>81,500</u>	<u>81,500</u>			<u>-0-</u>
Total Net Overclaim							<u>\$ -0-</u>

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Severe Rate)	Paid	47,267	14,125	14,125	-0-	\$ 0.050	\$ -0-
	Reduced	26,742	8,192	8,192	-0-	0.055	-0-
	Free	168,222	50,411	50,411	-0-	0.055	-0-
Total		<u>242,231</u>	<u>72,728</u>	<u>72,728</u>			<u>-0-</u>
Total Net Overclaim							<u>\$ -0-</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(MEMORANDUM ONLY)

Current Assets: *	
Cash and Cash Equivalents	\$ 81,340
Intergovernmental Accounts Receivable	178,599
Other Accounts Receivable	7,313
	267,252
Current Liabilities:	
Unearned Revenue	(13,618)
	(13,618)
Net Cash Resources	\$ 253,634 (A)
<u>Net Adjusted Total Operating Expense:</u>	
Total Operating Expenses	\$ 1,539,557
Less: Depreciation Expense	(24,190)
	(24,190)
Adjusted Total Operating Expenses	\$ 1,515,367 (B)
<u>Average Monthly Operating Expenses:</u>	
(B) / 10	\$ 151,537 (C)
<u>Three Times Monthly Average Operating Expenses:</u>	
3 x (C)	\$ 454,611 (D)
Net Cash Resources	\$ 253,634 (A)
Less: Three Times Monthly Average Operating Expenses	(454,611) (D)
Exceed / (Does not Exceed)	\$ (200,977) **

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

** Net cash resources does not exceed three times monthly average operating expenses.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.A. On Roll		Workpapers On Roll		Full		Selected from Workpapers		Registers On Roll		Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool 4 Years Old	77		77				77		77			
Full Day Kindergarten	143		143				143		143			
Grade One	124		124				124		124			
Grade Two	113		113				113		113			
Grade Three	109		109				109		109			
Grade Four	130		130				130		130			
Grade Five	107		107				107		107			
Grade Six	103		103				103		103			
Grade Seven	115		115				115		115			
Grade Eight	106		106				106		106			
Grade Nine	142	4	142	4			142	4	142	4		
Grade Ten	135	2	135	2			135	2	135	2		
Grade Eleven	110	3	110	3			110	3	110	3		
Grade Twelve	111	4	111	4			111	4	111	4		
Subtotal	1,625	13	1,625	13			1,625	13	1,625	13		
Special Ed - Elementary	130		130				9		9			
Special Ed - Middle School	55		55				5		5			
Special Ed - High School	75	3	75	3			6		6			
Subtotal	260	3	260	3			20		20			
Totals	1,885	16	1,885	16	-0-	-0-	1,645	13	1,645	13	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten										
Grade One						91	91	2	2	2
Grade Two						89	89	2	2	2
Grade Three						85	85			
Grade Four						83	83	2	2	2
Grade Five						94	94	2	2	2
Grade Six						81	81	2	2	2
Grade Seven						79	79	2	2	2
Grade Eight						91	91	2	2	2
Grade Nine						78	78	2	2	2
Grade Ten						103	103	2	2	2
Grade Eleven						77.5	77.5	2	2	2
Grade Twelve						55	55	2	2	2
Subtotal						54	54	1	1	1
						1,060	1,060	23	23	23
Special Ed - Elementary	3	3	2	2		117	117	6	6	6
Special Ed - Middle School	5	5	1	1		54	54	3	3	3
Special Ed - High School	9	9	2	2		60	60	3	3	3
Subtotal	17	17	5	5		231	231	12	12	12
Totals	17	17	5	5	-0-	1,291	1,291	35	35	-0-
Percentage Error					0.00%					0.00%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP Low Income					
	Reported on	Reported on	Errors	Sample	Verified to	Sample
	A.S.S.A. as LEP Low Income	Workpapers LEP Low Income		Selected from Workpapers	Test Scores, Application and Register	Errors
Full Day Kindergarten	28	28		1	1	
Grade One	28	28		3	3	
Grade Two	26	26		3	3	
Grade Three	29	29		3	3	
Grade Four	16	16		2	2	
Grade Five	10	10		4	4	
Grade Six	9	9		2	2	
Grade Seven	13	13		2	2	
Grade Eight	11	11		1	1	
Grade Nine	23	23		1	1	
Grade Ten	17	17		1	1	
Grade Eleven	9	9		1	1	
Grade Twelve	8	8		1	1	
Subtotal	227	227		25	25	
Special Ed - Elementary	5	5		2	2	
Special Ed - Middle School	1	1		0	0	
Special Ed - High School	1	1		1	1	
Subtotal	7	7		3	3	
Totals	234	234	-0-	28	28	-0-
Percentage Error			0.00%			0.00%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	11	11		1	1	
Grade One	6	6		1	1	
Grade Two	4	4		1	1	
Grade Three	3	3				
Grade Four	1	1				
Grade Six	3	3				
Grade Eight	2	2		1	1	
Grade Nine	2	2		1	1	
Grade Ten	1	1				
Grade Eleven	1	1		1	1	
Subtotal	<u>34</u>	<u>34</u>		<u>6</u>	<u>6</u>	
Special Ed - Elementary	1	1		1	1	
Subtotal	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Totals	<u><u>35</u></u>	<u><u>35</u></u>	<u><u>-0-</u></u>	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>-0-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	52	52		8	8	
Regular - Special Education	7.5	7.5		2	2	
Special Needs Public	11.5	11.5		3	3	
Special Needs Private	16	16		3	3	
Totals	87	87	-0-	16	16	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	5.6	5.6
Average Mileage - Regular Excluding Grade PK Students	5.6	5.6
Average Mileage - Special Education with Special Needs	9.3	9.3

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019

EXCESS SURPLUS CALCULATION

Section 1 - REGULAR DISTRICT

2018-2019 Total General Fund Expenditures per the CAFR	<u>\$ 33,569,089</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>\$ 4,388,764</u> (B2a)	
Assets Acquired Under Capital Leases	<u> </u> (B2b)	
Adjusted 2018-2019 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 29,180,325</u> (B3)	
2% of Adjusted 2018-2019 General Fund Expenditures [(B5) times .02]	<u>\$ 583,607</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 583,607</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 45,557</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 629,164</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 4,257,826</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 361,069</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 647,230</u> (C3)	
Other Restricted Fund Balances	<u>\$ 2,579,924</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures Designated For Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 669,603</u> (U1)

Section 3

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-		<u>\$ 40,439</u> (E)
--	--	----------------------

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019

Recapitulation of Excess Surplus as of June 30, 2019

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 647,230 (C3)</u>
Restricted Excess Surplus [(E)]	<u>\$ 40,439 (E)</u>
Total [(C3)+(E)+(F)]	<u>\$ 687,669 (D)</u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 45,557 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ -0- (J2)</u>
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u>\$ 45,557 (K)</u>

Detail of Other Restricted Fund Balance

Statutory Restrictions	<u>\$ -0-</u>
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 1,329,704</u>
Emergency Reserve	<u>\$ 250,000</u>
Maintenance Reserve	<u>\$ 1,000,220</u>
Tuition Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
Total Other Restricted Fund Balance	<u>\$ 2,579,924</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2019

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

The District approve a salary resolution for all hourly employees and that the District pass a resolution authorizing overtime to hourly employees after a set number of hours worked.

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. Travel Expenses

None

10. Miscellaneous

None

11. Status of Prior Year's Findings/Recommendations

There were no prior year recommendations.