

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

SOMERVILLE BOROUGH SCHOOL DISTRICT  
COUNTY OF SOMERSET  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2019  
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November 13, 2019

The Honorable President and Members  
of the Board of Education  
Somerville Borough School District  
County of Somerset, NJ

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 basic financial statements of the Board of Education of the Somerville Borough School District in the County of Somerset for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 13, 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 13, 2019, on the financial statements of the Board.

We will review the status of the comments, if any, during our next audit engagement. We have already discussed these comments and suggestions, if any, 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 suggestions and recommendations.

This report is intended for the information of Somerville 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

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

SOMERVILLE BOROUGH 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, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

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>
Bryan P. Boyce	School Business Administrator/Board Secretary	\$ 500,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change 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.

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

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

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrator) to the New Jersey Department of Treasury was filed by the March 15<sup>th</sup> due date.

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

Financial Planning, Accounting and Reporting (Cont'd)

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 Classifications and Administrative Classifications

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. 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. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Report

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 no comments.

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

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, II, III, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

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.

Finding:

The District did not obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Initiative ("SEMI") Medicaid Program, or meet the 100% budgeted revenue benchmark for complying with all program requirements set forth in N.J.A.C.6A:23A-5.3.

Recommendation:

It is recommended that the District make every effort to obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Initiative Program and meet the 100% budgeted revenue benchmark in accordance with N.J.A.C.6A:23A-5.3.

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

Other Special Federal and/or State Projects (Cont'd)

Management's Responses:

The District will ensure that obtaining a completed parental consent form is a priority during every initial evaluation meeting with parents in an effort to reach the required 90% parental consent threshold for the SEMI Medicaid Program. Additionally, the District will train the individual responsible for entering Individualized Education Plan meetings and re-evaluation meetings into the EDPlan reporting system so that the 100% budgeted revenue benchmark is met for the SEMI Medicaid Program.

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.

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.

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, 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),

SOMERVILLE BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

School Purchasing Programs (Cont'd)

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

respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000 for 2018-19.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

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.

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 breakeven/return a profit of at least \$40,000. 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

School Food Service (Cont'd)

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/did not provide (as applicable) 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.

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



SOMERVILLE BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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 or recommendations.

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 handicapped, bilingual and low-income students. 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 exception. The information that was included on the workpapers was verified on a test basis with a minor 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 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 with a minor 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements 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.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedures pertaining to travel and expense reimbursements for its employee and board members. The regulations require the District to establish a maximum travel amount 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 the Superintendent and that the approval must be itemized by event, event total cost, and individuals attending.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

Travel Expense and Reimbursement Policy (Cont'd)

Finding:

Our review of travel expenses revealed that two of ten travel expenditures tested did not have brief reports required by N.J.S.A. 18A:11-12(d) to substantiate the purpose and relevance of non-regular business travel were not obtained.

Recommendation:

It is recommended that the District maintain brief reports required by N.J.S.A. 18A:11-12(d) that substantiate the purpose and relevance of non-regular travel.

Management Response:

The District will maintain brief reports required by N.J.S.A. 18A:11-12(d) that substantiate the purpose and relevance of non-regular travel.

Testing for Lead of All Drinking Water in Educational Facilities

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

Management Suggestion

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.

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.

Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding the food service net cash resources has been resolved in the current year. The recommendation regarding travel expenses has improved with regards to the prior board approval resolved in the current year, however, the district needs to obtain brief reports for all non-regular travel.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF MEAL COUNT ACTIVITY  
FISCAL YEAR ENDED JUNE 30, 2019

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Underclaim</u>
National School Lunch (High Rate)	Paid	73,742	31,810	31,810	-0-	\$ 0.31	-0-
	Reduced	13,365	5,648	5,648	-0-	2.91	-0-
	Free	63,818	27,465	27,465	-0-	3.31	-0-
		<u>150,925</u>	<u>64,923</u>	<u>64,923</u>	<u>-0-</u>		<u>-0-</u>
National School Breakfast (High Rate)	Paid	5,125	2,296	2,296	-0-	0.31	-0-
	Reduced	1,204	592	592	-0-	1.84	-0-
	Free	15,310	6,737	6,737	-0-	2.14	-0-
		<u>21,639</u>	<u>9,625</u>	<u>9,625</u>	<u>-0-</u>		<u>-0-</u>
TOTAL NET (OVER) / UNDERCLAIM							<u>\$ -0-</u>

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Underclaim</u>
National School Lunch (High Rate)	Paid	73,742	31,810	31,810	-0-	\$ 0.040	-0-
	Reduced	13,365	5,648	5,648	-0-	0.055	-0-
	Free	63,818	27,465	27,465	-0-	0.055	-0-
		<u>150,925</u>	<u>64,923</u>	<u>64,923</u>	<u>-0-</u>		<u>-0-</u>
TOTAL NET (OVER) / UNDERCLAIM							<u>\$ -0-</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF NET CASH RESOURCES  
FISCAL YEAR ENDED JUNE 30, 2019

			<u>Food Service</u>	
<b><u>Net Cash Resources:</u></b>				
<b>CAFR</b>	*	<b>Current Assets</b>		
B-4		Cash and Cash Equivalents	\$ 116,359	
B-4		Due from Other Governments	20,473	
<b>CAFR</b>		<b>Current Liabilities</b>		
B-4		Less Accounts Payable		
B-4		Less Unearned Revenue	(14,133)	
		<b>Net Cash Resources</b>	<u><u>\$ 122,699</u></u>	<b>(A)</b>

**Net Adjusted Total Operating Expense:**

G-2	Total Operating Expenses	\$ 756,341		
G-2	Less Depreciation	(12,363)		
	<b>Adjusted Total Operating Expenses</b>	<u><u>\$ 743,978</u></u>		<b>(B)</b>

**Average Monthly Operating Expense:**

	B / 10	<u><u>\$ 74,398</u></u>		<b>(C)</b>
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**Three times monthly Average:**

	3 X C	<u><u>\$ 223,193</u></u>		<b>(D)</b>
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TOTAL IN BOX A	\$	122,699		<b>(A)</b>
LESS TOTAL IN BOX D		223,193		<b>(D)</b>
NET	<u><u>\$</u></u>	<u><u>(100,494)</u></u>		<b>**</b>
From above:				
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>				
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>				

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

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

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

	2019-2020 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 4 Years Old	10		10				10		10			
Full Day Preschool 4 Years Old	52		52				52		52			
Full Day Kindergarten	108		108				108		108			
Grade One	134		134				134		134			
Grade Two	111		111				111		111			
Grade Three	102		102				102		102			
Grade Four	106		106				106		106			
Grade Five	91		91				91		91			
Grade Six	105		105				105		105			
Grade Seven	103		103				103		103			
Grade Eight	103		103				103		103			
Grade Nine	246	8	246	8			246	8	246	8		
Grade Ten	239	8	239	8			239	8	239	8		
Grade Eleven	210	7	210	7			210	7	210	7		
Grade Twelve	255	13	255	13			255	13	255	13		
Subtotal	1,975	36	1,975	36			1,975	36	1,975	36		
Special Education:												
Elementary	88		88				7		7			
Middle	60		60				4		4			
High	189	22	189	22			14		14			
Subtotal	337	22	337	22			25		25			
Totals	2,312	58	2,312	58	-0-	-0-	2,000	36	2,000	36	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

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

	Private Schools for Disabled				Resident Low Income				
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten					36	36	1	1	
Grade One					53	53	2	2	
Grade Two					39	39	1	1	
Grade Three					45	45	2	2	
Grade Four					39	39	1	1	
Grade Five					43	43	2	2	
Grade Six					42	42	2	2	
Grade Seven					42	42	1	1	
Grade Eight					42	42	2	2	
Grade Nine					47	47	2	2	
Grade Ten					37.5	38	1	1	
Grade Eleven					30	30.0	2	2	
Grade Twelve					27.5	28	1	1	
Subtotal					523.0	523.0	20	20	
Special Education:									
Elementary School	2	1	1		43	43	2	2	
Middle School	3				36	36	1	1	
High School	7.5	2	2		55.5	55.5	2	2	
Subtotal	13	3	3		134.5	134.5	5	5	
Totals	13	3	3	-0-	657.5	657.5	25	25	-0-
Percentage Error				0.00%			0.00%		0.00%

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

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	5	5				
Grade One	10	10		1	1	
Grade Two	7	7		1	1	
Grade Three	8	8		1	1	
Grade Four	3	3				
Grade Five	4	4				
Grade Six	2	2				
Grade Seven	2	2				
Grade Eight	3	3		1	1	
Grade Nine	5	5		1		1
Grade Ten	5	5		1	1	
Grade Eleven	3	3				
Grade Twelve	2	2				
Subtotal	<u>59</u>	<u>59</u>		<u>6</u>	<u>5</u>	<u>1</u>
Special Education:						
Elementary School	<u>7</u>	<u>7</u>		<u>1</u>	<u>1</u>	
Subtotal	<u>7</u>	<u>7</u>		<u>1</u>	<u>1</u>	
Totals	<u>66</u>	<u>66</u>	<u>-0-</u>	<u>7</u>	<u>6</u>	<u>1</u>
Percentage Error			<u>0.00%</u>			<u>14.29%</u>

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

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	11	11		2	2	
Grade Four	1	1				
Grade Five	1	1				
Grade Seven	2	2				
Grade Nine	3	3		1	1	
Grade Ten	8	8		1	1	
Grade Eleven	1	1				
Totals	<u>27</u>	<u>27</u>	<u>-0-</u>	<u>4</u>	<u>4</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>



SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
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	7	7		4	4	
Regular - Special Education	6	6		3	3	
Special Needs - Public	48.5	48.5		7	6	1
Special Needs - Private	12.5	12.5		4	4	
Totals	74	74	-0-	18	17	1
Percentage Error			0.00%			5.56%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.3	3.3
Average Mileage - Regular Excluding Grade PK Students	3.3	3.3
Average Mileage - Special Education with Special Needs	6.6	6.6

SOMERVILLE BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2019

**EXCESS SURPLUS CALCULATION**

**Section 1 - REGULAR DISTRICT**

2018-19 Total General Fund Expenditures per the CAFR	<u>\$ 44,683,443</u> (B)
Increased by:	
Transfer to Special Revenue Fund - PreK - Inclusion	<u>\$ 30,000</u> (B1a)
Transfer from Capital Outlay to Capital Projects Fund	<u>                    </u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>                    </u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 6,306,656</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)
 Adjusted 18-19 General Fund Expenditures [(B)+(B1's)-(B2's)]	 <u><u>\$ 38,406,787</u></u> (B3)
 2% of Adjusted 2018-19 General Fund Expenditures [(B5) times .02]	 <u>\$ 768,136</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 768,136</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 119,984</u> (K)
 Maximum Unassigned Fund Balance [(B5)+(K)]	 <u><u>\$ 888,120</u></u> (M)

**Section 2**

Total General Fund - Fund Balances @ 6/30/19 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 10,410,967</u> (C)
Decreased by:	
Year End Encumbrances	<u>\$ 252,718</u> (C1)
Legally Restricted:	
Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Subsequent Year's Expenditures	<u>\$ 32,756</u> (C3)
Other Restricted Fund Balances	<u>\$ 8,593,221</u> (C4)
Assigned Fund Balance:	
Subsequent Year's Expenditures	<u>\$ 635,727</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 <u><u>\$ 896,545</u></u> (U1)

SOMERVILLE BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**Section 3**

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 8,425 (E)</u>
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**Recapitulation of Excess Surplus as of June 30, 2019**

Restricted Excess Surplus - Subsequent Year's Expenditures	<u>\$ 32,756 (C3)</u>
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Restricted Excess Surplus [(E)]	<u>\$ 8,425 (E)</u>
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Total [(C3)+(E)+(F)]	<u>\$ 41,181 (D)</u>
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**Detail of Allowable Adjustments**

Impact Aid	<u>\$ -0- (H)</u>
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Sale and Lease Back	<u>\$ -0- (I)</u>
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Extraordinary Aid	<u>\$ 119,984 (J1)</u>
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Additional Nonpublic School Transportation Aid	<u>\$ -0- (J2)</u>
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Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	<u>\$ 119,984 (K)</u>
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**Detail of Other Restricted Fund Balance**

Statutory Restrictions	<u>\$ -0-</u>
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Approved Unspent Separate Proposal	<u>\$ -0-</u>
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Sale/Lease-Back Reserve	<u>\$ -0-</u>
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Capital Reserve	<u>\$ 6,442,318</u>
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Maintenance Reserve	<u>\$ 248,787</u>
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Emergency Reserve	<u>\$ -0-</u>
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Tuition Reserve	<u>\$ 1,902,116</u>
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Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
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Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
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Total Other Restricted Fund Balance	<u>\$ 8,593,221</u>
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SOMERVILLE BOROUGH 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 make every effort to obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Initiative Medicaid Program and meet the 100% budgeted revenue benchmark in accordance with N.J.A.C.6A:23A-5.3.

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 Expense and Reimbursement Policy

The District maintain brief reports required by N.J.S.A. 18A:11-12(d) that substantiate the purpose and relevance of non-regular travel.

10. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding the food service net cash resources has been resolved in the current year. The recommendation regarding travel expenses has improved with regards to the prior board approval resolved in the current year, however, the district needs to obtain brief reports for all non- regular travel.