

**LEONIA BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

**LEONIA BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
Leonia Board of Education  
Leonia, 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 basic financial statements of the Leonia Board of Education, County of Bergen, State of New Jersey as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated December 18, 2019.

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

This report is intended for the information of management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 18, 2019

**LEONIA BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Scope of Audit**

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

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Tina Palecek	School Business Administrator	\$500,000
Antoinette Kelly	Treasurer of School Monies	500,000

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made the proper adjustment to the billings to sending districts for the adjustment in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certifications and proper itemization.

**Payroll Account**

The net salaries of all 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 certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

**LEONIA BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Financial Planning, Accounting and Reporting (Continued)**

Payroll Account (Continued)

Salary withholdings were promptly remitted to the District's payroll service provider for submission to the proper agencies, including health benefit withholdings due to the General Fund.

The District maintains a personnel tracking and accounting (Position Control) system.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

Classification of Expenditures

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, our sample selection included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed, no additional testing was deemed necessary to test the propriety of expenditure classifications.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

- **Finding (CAFR Finding 2019-001)-** Our audit of outstanding purchase orders revealed the following:
  - Certain purchase orders were not properly classified as accounts payable or reserved for encumbrances in the General Fund.
  - Unrecorded liabilities totaling \$45,180 were not recorded as accounts payable in the Special Revenue Fund.
  - An unrecorded contract balance was not encumbered for approximately \$30,000 in the General Fund.
  - There are several encumbrances in the General and Special Revenue Funds that appear to be accounts payable or invalid at year end.

**Recommendation** – Purchase orders be reviewed at year end to determine the appropriate amount outstanding, be properly classified as an accounts payable or reserved for encumbrances, or otherwise be cancelled prior to year end. Additionally, greater care be taken to ensure all liabilities and encumbrances are recorded at year end.

**LEONIA BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Financial Planning, Accounting and Reporting (Continued)**

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Treasurer's Records

The Treasurer performed cash reconciliations for all District accounts in accordance with N.J.S.A. 18A:17-36.

All cash receipts were promptly deposited.

The Treasurer's bank reconciliations were in agreement with the cash balances of the Board Secretary.

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

The E.S.E.A./ESSA 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 I, II, III, III Immigrant 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 Exhibits K-3 and K-4 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.

IDEA Part B and Preschool

Separate accounting records were maintained for each approved project. Grant applications, approvals and acceptance of grant funds were made by Board resolution.

- **Finding (CAFR Finding 2019-002 and 2019-003)** – Our audit noted the final expenditure reports for the Federal ESEA and IDEA Part B Basic grant programs were not in agreement with the District accounting records.

**Recommendation** – Final expenditure reports for the Federal ESEA and IDEA grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.

**LEONIA BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Financial Planning, Accounting and Reporting (Continued)**

**T.P.A.F. Reimbursements**

Our audit procedures included a test of the semi-monthly reimbursement forms 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 amount of the expenditure charged to the current year's Final Report 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 was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3(A) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is \$19,000 for 2017-2018.

If the purchasing agent is qualified pursuant to subsection b 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. 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. The Board has designated the School Business Administrator as the qualified purchasing agent and has approved by Board resolution a bid threshold of \$40,000.

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 Board 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.

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. Our examination did reveal that purchases were made through the use of state contracts.

**LEONIA BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Food Service Fund**

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the "SFA") had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we 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 Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The financial transactions and records of the school food services were maintained in good condition. The financial accounts and records were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) 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 FSMC contract/addendum were reviewed. The FSMC contract includes an operating results provision which guarantees that the food service program will have no cost or breakdown food service operation, including the management fee. The operating results provision has been met for the current fiscal year.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The Districts deposited program monies and made expenditures in accordance with N.J.S.A. 18A:17-34. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of our audit of the Application for State School Aid (ASSA).

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

**Student Body Activities**

The Board has a policy which clearly establishes the regulation of student activity funds.

**Enrichment Program**

Separate revenue and expense records and billing journals were maintained for the enrichment program.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (ASSA) for on-roll, private schools for the disabled, related services, low income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with exception. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.



**LEONIA BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Application for State School Aid (Continued)**

The District did maintain workpapers on the prescribed state forms or their equivalent for all reporting categories.

The District has adequate written procedures for the recording of student enrollment data.

- **Finding (CAFR 2019-004)** – Our audit of the A.S.S.A. indicated the following:
  - A net variance of nine (9) students was noted when comparing the number of on-roll students reported on the ASSA with the supporting district workpapers.
  - Four (4) students reported as Private School for Disabled on the District workpapers were not reported on the ASSA.
  - A net variance of sixty-four (64) students was noted when comparing the number of low income student reported on the ASSA with the supporting district workpapers.
  - A net variance of six (6) students was noted when comparing the number of LEP-Low Income students reported on the ASSA with the supporting District workpapers.

**Recommendation** – Procedures over the preparation of the Application for State School Aid (A.S.S.A.) be reviewed and enhanced to ensure amounts reported agree with the District workpapers and supporting documentation.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2017-2018 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. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

The District had no active SDA grant funded projects during the current fiscal year.

- **Finding** – Our audit revealed that the District’s capital asset account records were not accurately updated for the 2018-2019 school year. We noted unrecorded assets, assets entered twice and assets with no useful lives.

**Recommendation** – The District’s capital asset accounting records be properly updated on an annual basis.

**Testing for Lead of all Drinking Water in Educational Facilities**

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

**Follow-up Prior Year Findings**

In accordance with government standards, our procedures included a review of all prior year recommendations.

**Suggestions to Management**

- A review be made of the balances in the Net Payroll and Payroll Agency accounts and any excess balances be cleared of record.
- Enrichment School program fees be approved in the minutes.
- The District conduct a payroll check distribution verification during the 2019/2020 school year.

**LEONIA BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF MEAL COUNT ACTIVITY**

This Schedule is not applicable for 2018-2019.

**LEONIA BOARD OF EDUCATION  
FOOD SERVICE FUND  
COMPARISON OF NET CASH RESOURCES TO THREE MONTHS AVERAGE EXPENDITURES  
AS OF JUNE 30, 2019**

**NET CASH RESOURCE SCHEDULE**

<b><u>Net Cash Resources:</u></b>	<b>Food Service <u>B-4/5</u></b>	
<b><u>CAFR</u></b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 198,089
B-4	Intergovernmental Receivable	9,591
B-4	Other Accounts Receivable	3,945
<b><u>CAFR</u></b>	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	(34,435)
B-4	Less Unearned Revenue	(16,477)
	<b>Net Cash Resources</b>	<u><u>\$ 160,713</u></u> (A)
<b><u>Total Net Adjusted Operating Expenses:</u></b>		
	Total Operating Expenses	\$ 621,841
	Less Depreciation	(13,333)
	<b>Total Net Adjusted Total Operating Expenditures</b>	<u><u>\$ 608,508</u></u> (B)
<b><u>Average Monthly Operating Expenses:</u></b>		
	Total Net Adjusted Operating Expenses (B) / 10 months	<u><u>\$ 60,851</u></u> (C)
<b><u>Three Times Monthly Average:</u></b>		
	3 X Average Monthly Expenses (C)	<u><u>\$ 182,552</u></u> (D)

<b>TOTAL NET CASH RESOURCES</b>	<b>\$ 160,713</b>
<b>LESS THREE MONTHS AVERAGE EXPENDITURES</b>	<b>\$ 182,552</b>
<b>NET OVER (UNDER)</b>	<b><u><u>\$ (21,839)</u></u></b>

**NET CASH RESOURCES DID NOT EXCEED THREE MONTHS OF EXPENSES**



**LEONIA BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident 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	Sample Errors
	Half Day Preschool 3 Years Old			-		
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	11	11	-	2	2	-
Grade 1	11	13	(2)	4	4	-
Grade 2	7	13	(6)	4	3	1
Grade 3	11	14	(3)	4	4	-
Grade 4	11	12	(1)	4	4	-
Grade 5	13	15	(2)	3	3	-
Grade 6	15	17	(2)	4	4	-
Grade 7	16	20	(4)	5	5	-
Grade 8	13	18	(5)	5	5	-
Grade 9	3	9	(6)	2	2	-
Grade 10	9	14	(5)	3	3	-
Grade 11	6	12	(6)	3	3	-
Grade 12	9	15	(6)	4	4	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>135</b>	<b>183</b>	<b>(48)</b>	<b>47</b>	<b>46</b>	<b>1</b>
Sp Ed - Elementary	9	14	(5)	3	3	-
Sp Ed - Middle School	10	16	(6)	4	4	-
Sp Ed - High School	5	10	(5)	2	2	-
<b>Subtotal</b>	<b>24</b>	<b>40</b>	<b>(16)</b>	<b>9</b>	<b>9</b>	<b>-</b>
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>159</b>	<b>223</b>	<b>(64)</b>	<b>56</b>	<b>55</b>	<b>1</b>
Percentage Error			<u>-40.25%</u>			<u>0</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
	Half Day Preschool 3 Years Old			-		
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	3	5	(2)	4	4	-
Grade 1	1	2	(1)	2	2	-
Grade 2	1	1	-	1	1	-
Grade 3	1	1	-	1	1	-
Grade 4	-	-	-	-	-	-
Grade 5	1	-	1	-	-	-
Grade 6	1	1	-	1	1	-
Grade 7	2	2	-	1	1	-
Grade 8	1	-	1	-	-	-
Grade 9	3	3	-	2	2	-
Grade 10	1	1	-	1	1	-
Grade 11	1	1	-	1	1	-
Grade 12	-	-	-	-	-	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>16</b>	<b>17</b>	<b>(1)</b>	<b>14</b>	<b>14</b>	<b>-</b>
Sp Ed - Elementary	1	-	1	-	-	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School	-	-	-	-	-	-
<b>Subtotal</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>18</b>	<b>18</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-</b>
Percentage Error			<u>-</u>			<u>-</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	41	41	-	31	31	-
Transported - Non Public	-	-	-	-	-	-
AIL Non-Public	-	-	-	-	-	-
Regular - Special Ed	-	-	-	-	-	-
Special Needs	17	17	-	13	13	-
<b>Totals</b>	<b>58</b>	<b>58</b>	<b>-</b>	<b>44</b>	<b>44</b>	<b>-</b>
Percentage Error			<u>-</u>			<u>-</u>

**LEONIA BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Half Day Preschool 3 Years Old						
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	8	8	-	7	7	-
Grade 1	10	10	-	9	9	-
Grade 2	6	6	-	5	5	-
Grade 3	4	4	-	3	3	-
Grade 4	2	2	-	2	2	-
Grade 5	-	-	-	-	-	-
Grade 6	2	2	-	2	2	-
Grade 7	1	3	(2)	3	3	-
Grade 8	4	1	3	1	1	-
Grade 9	5	3	2	2	2	-
Grade 10	5	6	(1)	5	5	-
Grade 11	2	-	2	-	-	-
Grade 12	-	-	-	-	-	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>49</b>	<b>45</b>	<b>4</b>	<b>39</b>	<b>39</b>	<b>-</b>
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	3	1	2	1	1	-
Sp Ed - High School	-	-	-	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>
County Vocational - Regular						
County Vocational - F.T. Post-Second						
<b>Subtotal</b>						
<b>Totals</b>	<b>52</b>	<b>46</b>	<b>6</b>	<b>40</b>	<b>40</b>	<b>-</b>
Percentage Error			<u>0</u>			<u>-</u>

**LEONIA BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION 1 - Regular District**

Two Percent (2%) - Calculation of Excess Surplus

2018-2019 Total General Fund Expenditures per the CAFR		\$ 39,287,776
Decreased by:		
Assets Acquired Under Capital Leases		(390,000)
On-Behalf TPAF Pension & Social Security		<u>(5,108,691)</u>
Adjusted 2018-2019 General Fund Expenditures		<u>\$ 33,789,085</u>
2% of Adjusted 2018-2019 General Fund Expenditures		\$ 675,782
Allowable Adjustments - Extraordinary Aid		<u>153,259</u>
Maximum Unassigned Fund Balance		\$ 829,041

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2019

(Per CAFR Budgetary Comparison Schedule/Statement C-1) \$ 4,433,642

Decreased by:

Restricted Fund Balances - Capital Reserve	\$ 352,000	
Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's Expenditures	453,000	
Restricted Fund Balances - Maintenance Reserve	100,000	
Excess Surplus Designated for Subsequent Year's Expenditures	1,692,502	
Assigned - Year End Encumbrances	175,923	
Assigned - Designated for Subsequent Year's Expenditures	<u>189,900</u>	
		<u>2,963,325</u>
Total Unassigned Fund Balance		<u>1,470,317</u>
Restricted Fund Balance - Excess Surplus		<u>\$ 641,276</u>

**SECTION 3**

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus		\$ 641,276
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		<u>1,692,502</u>
Total		<u>\$ 2,333,778</u>

**LEONIA BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

It is recommended that:

- \* 1. Purchase orders be reviewed at year end to determine the appropriate amount outstanding, be properly classified as an accounts payable or reserved for encumbrances, or otherwise be cancelled prior to year end. Additionally, greater care be taken to ensure all liabilities and encumbrances are recorded at year end.
- 2. Final expenditure reports for the Federal ESEA and IDEA grant programs be reconciled to and in agreement with District's accounting records prior to their submission.

**III. School Purchasing Program**

There are none.

**IV. School Food Service**

There are none.

**V. Student Body Activities**

There are none.

**VI. Enrichment Program**

There are none.

**VII. Application for State School Aid**

It is recommended that procedures over the preparation of the application for State School Aid (ASSA) be reviewed and enhanced to ensure amounts reported agree with District workpapers and supporting documentation.

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

It is recommended that District's capital asset accounting records be updated properly on an annual basis.



**LEONIA BOARD OF EDUCATION  
RECOMMENDATIONS**

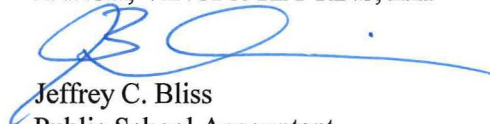
**X. Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken on all, except the recommendation denoted with an asterisk (\*).

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,  
LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss  
Public School Accountant  
Certified Public Accountant