

**LEONIA BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**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, State of New Jersey as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 21, 2020.

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
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Fair Lawn, New Jersey
December 21, 2020

**LEONIA BOARD OF EDUCATION
 ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

- **Finding (CAFR Finding 2020-001)** – We were not provided with purchase orders and supporting invoices or other documentation for numerous payments made during the fiscal year.

Recommendation – Purchase orders and supporting documentation for vendor payments be maintained on file in an orderly manner and be available for audit.

- **Finding** – Our audit revealed payments were made by electronic funds transfer for debt service, health benefits, utilities, food service, postage and internet services which were not included on the bills lists approved by the Board in the official minutes. In addition, the District has not adopted policies and procedures permitting the payment of claims electronically.

Recommendation – Payments to vendors made by electronic funds transfer be included on the bills lists submitted to the Board for approval. In addition, the District adopt formal policies and procedures for the electronic payment of claims.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

Examination of Claims (Continued)

- **Finding** – The audit of health benefit bills indicated certain individuals continued to remain on dental benefits after separation of employment from District.

Recommendation – The District’s dental benefit bills be reviewed on a monthly basis to ensure only active eligible employees are receiving benefits.

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.

- **Finding** – Our audit of payroll tax reporting revealed the information filing for the 1095-C Form for the 2018 calendar year was not remitted in a timely manner.

Recommendation – The District remit the IRS Information Form 1095C filing in a timely manner.

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.

- **Finding** – Our review of travel expenses and reimbursements revealed the following:
 - We noted the post travel purpose and relevance reports were not attached to purchase orders.
 - We noted documentation to support travel expense reimbursements were not available in certain instances.

Recommendation – Greater care be exercised over travel expenses to ensure post-travel purpose and relevance reports and supporting documentation are attached to purchase orders.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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.

Board Secretary's Records

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

- **Finding** – We noted the original budget per the appropriation report was not in agreement with the original budget as adopted. The appropriations report was approximately \$230,000 less than the approved budget. Nineteen (19) budget lines were not in agreement. In addition, the modifies budget included prior year encumbrances that were reclassified as accounts payable.

Recommendation – Procedures be reviewed and revised to ensure the original budget as adopted is properly reflected in the District's budget appropriation report. In addition, the District reconcile the modified budget to the encumbrances reported in the prior year audit.

- **Finding** – We noted the State debit/credit memorandum transactions totaling \$430,240 were not reflected in the District's accounting records.

Recommendation – Procedures be reviewed and revised to ensure all debit/credit memo transactions are properly reflected in the District's accounting records.

- **Finding** – We noted twelve (12) budget line accounts that were overexpended as of June 30, 2020 as a result of certain audit adjustments from findings previously reported. Therefore, a recommendation is not deemed warranted.

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.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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 2020-002 and 2020-003)** – 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.

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.

- **Finding (CAFR Finding 2020-004)** – The District did not calculate or remit to the State the reimbursement for TPAF FICA and Pension for employees' funded by federal grant programs.

Recommendation – The District prepare and remit to the State the report for reimbursement of TPAF FICA and Pension by the required due date.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

- **Finding (CAFR Finding 2020-005)** – Our audit of purchases and contract awards revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:
 - We noted payments were made in excess of the bid threshold for custodial supplies and various technology items for which public advertisement for bids were not sought.
 - We noted payments were made in which the cost exceeded the quote threshold, for which competitive quotations were not sought.
 - We noted Political Contribution Disclosure Forms and Business Registration certificates were not on file and available for audit for certain vendors requiring such documentation.

Recommendation – Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote threshold are made in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Food Service Fund

COVID – 19 EMERGENCY

In accordance with the Governor’s Declaration of Emergency pertaining to the COVID 19 Virus all Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific cost applicable to the emergency operations.

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.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 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.

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 2020-006)** – Our audit of the A.S.S.A. indicated the following:

- Two (2) students reported as Private School for Disabled on the District workpapers could not be verified to a paid October tuition bill.
- A net variance of twenty one (21) students was noted when comparing the number of low income student reported on the ASSA with the supporting district workpapers.
- A net variance of eight (8) students was noted when comparing the number of LEP-Not 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 2019/2020 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.

➤ **Finding** – Our audit of the DRTRS indicated the following:

- Four (4) students transported out of the District could not be traced to a signed tuition contract.
- Seven (7) students transported could not be traced to a paid October tuition bill.

Recommendation – Documentation be retained and made available for audit to support students reported on the District's DRTRS Report.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Facilities and Capital Assets

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

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

- Payments made from the Scholarship and Unemployment accounts be approved by the Board and included in the official minutes.
- Enrichment School program fees be approved in the minutes.

**LEONIA BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SCHEDULE OF MEAL COUNT ACTIVITY

This Schedule is not applicable for 2019-2020.

**LEONIA BOARD OF EDUCATION
FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO THREE MONTHS AVERAGE EXPENDITURES
AS OF JUNE 30, 2020**

NET CASH RESOURCE SCHEDULE

| <u>Net Cash Resources:</u> | Food Service <u>B-4/5</u> | |
|--|--|------------------------------|
| <u>CAFR</u> | Current Assets | |
| B-4 | Cash & Cash Equivalents | \$ 185,143 |
| B-4 | Intergovernmental Receivable | 10,508 |
| B-4 | Other Accounts Receivable | 6,988 |
| <u>CAFR</u> | Current Liabilities | |
| B-4 | Less Accounts Payable | (24,435) |
| B-4 | Less Unearned Revenue | (34,816) |
| | Net Cash Resources | <u>\$ 143,388</u> (A) |
| <u>Total Net Adjusted Operating Expenses:</u> | | |
| | Total Operating Expenses | \$ 541,572 |
| | Less Depreciation | (7,977) |
| | Total Net Adjusted Total Operating Expenditures | <u>\$ 533,595</u> (B) |
| <u>Average Monthly Operating Expenses:</u> | | |
| | Total Net Adjusted Operating Expenses (B) / 10 months | <u>\$ 53,360</u> (C) |
| <u>Three Times Monthly Average:</u> | | |
| | 3 X Average Monthly Expenses (C) | <u>\$ 160,079</u> (D) |

| | |
|---|---------------------------|
| TOTAL NET CASH RESOURCES | \$ 143,388 |
| LESS THREE MONTHS AVERAGE EXPENDITURES | \$ 160,079 |
| NET OVER (UNDER) | <u>\$ (16,691)</u> |

NET CASH RESOURCES DID NOT EXCEED THREE MONTHS OF EXPENSES

**LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

| | 2020-2021 Application for State School Aid | | | | | | Sample for Verification | | | | | | Private Schools for Disabled | | | | |
|--------------------------------------|--|--------|--------------------------------|--------|--------|--------|---------------------------------|--------|-------------------------------|--------|------------------------------|--------|---|---------------------------|-----------------|---------------|-----|
| | Reported on A.S.S.A. On Roll | | Reported on Workpapers On Roll | | Errors | | Sample Selected from Workpapers | | Verified per Register On Roll | | Errors per Registers On Roll | | Reported on A.S.S.A. as Private Schools | Sample for Verifi- cation | Sample Verified | Sample Errors | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | | | | |
| | | | | | | | | | | | | | | | | | |
| Half Day Preschool 3 Years Old | | | | | - | - | | | | | | | | | | | |
| Half Day Preschool 4 Years Old | | | | | - | - | | | | | | | | | | | |
| Full Day Preschool 3 Years Old | 2 | | 2 | | - | - | 2 | 2 | | | | | | | | | |
| Full Day Preschool 4 Years Old | 26 | | 27 | | (1) | - | 27 | 27 | | | | | | | | | |
| Half Day Kindergarten | | | | | - | - | | | | | | | | | | | |
| Full Day Kindergarten | 102 | | 102 | | - | - | 102 | 102 | | | | | | | | | |
| Grade 1 | 100 | | 100 | | - | - | 100 | 100 | | | | | | | | | |
| Grade 2 | 113 | | 113 | | - | - | 113 | 113 | | | | | | | | | |
| Grade 3 | 100 | | 100 | | - | - | 100 | 100 | | | | | | | | | |
| Grade 4 | 103 | | 103 | | - | - | 103 | 103 | | | | | | | | | |
| Grade 5 | 106 | | 106 | | - | - | 106 | 106 | | | | | | | | | |
| Grade 6 | 88 | | 88 | | - | - | 88 | 88 | | | | | | | | | |
| Grade 7 | 189 | | 189 | | - | - | 189 | 188 | | | 1 | | | | | | |
| Grade 8 | 179 | | 179 | | - | - | 179 | 179 | | | | | | | | | |
| Grade 9 | 173 | | 173 | | - | - | 173 | 173 | | | | | | | | | |
| Grade 10 | 186 | | 186 | | - | - | 186 | 185 | | | 1 | | | | | | |
| Grade 11 | 164 | | 164 | | - | - | 164 | 164 | | | | | | | | | |
| Grade 12 | 139 | | 139 | | - | - | 139 | 139 | | | | | | | | | |
| Post- Graduate | | | | | - | - | | | | | | | | | | | |
| Adult High School (15+ Credits) | | | | | - | - | | | | | | | | | | | |
| Adult High School (1-14 Credits) | | | | | - | - | | | | | | | | | | | |
| Subtotal | 1,770 | - | 1,771 | - | (1) | - | 1,771 | - | 1,769 | - | 2 | - | | | | | |
| Sp Ed - Elementary | 65 | | 65 | | - | - | 15 | 15 | | | | | 3 | 2 | 2 | | |
| Sp Ed - Middle School | 69 | | 68 | 1 | 1 | (1) | 15 | 15 | | | | | 1 | 1 | - | | 1 |
| Sp Ed - High School | 123 | 1 | 122 | 1 | 1 | - | 28 | 28 | | | | | 4 | 3 | 2 | | 1 |
| Subtotal | 257 | 1 | 255 | 2 | 2 | (1) | 58 | - | 58 | - | - | - | 8 | 6 | 4 | | 2 |
| County Vocational - Regular | | | | | - | - | | | | | | | | | | | |
| County Vocational - F.T. Post-Second | | | | | - | - | | | | | | | | | | | |
| Subtotal | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| Totals | 2,027 | 1 | 2,026 | 2 | 1 | (1) | 1,829 | - | 1,827 | - | 2 | - | 8 | 6 | 4 | | 2 |
| Percentage Error | | | | | 0.049% | -100% | | | | | 0.11% | | - | | | | 25% |

LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
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 | 9 | 9 | - | 3 | 3 | - |
| Grade 1 | 11 | 11 | - | 3 | 3 | - |
| Grade 2 | 16 | 16 | - | 5 | 5 | - |
| Grade 3 | 11 | 11 | - | 3 | 3 | - |
| Grade 4 | 11 | 13 | (2) | 5 | 5 | - |
| Grade 5 | 11 | 11 | - | 4 | 4 | - |
| Grade 6 | 12 | 14 | (2) | 5 | 5 | - |
| Grade 7 | 7 | 12 | (5) | 3 | 3 | - |
| Grade 8 | 3 | 9 | (6) | 3 | 3 | - |
| Grade 9 | 7 | 7 | - | 2 | 2 | - |
| Grade 10 | 5 | 9 | (4) | 2 | 2 | - |
| Grade 11 | 12 | 12 | - | 3 | 3 | - |
| Grade 12 | 13 | 14 | (1) | 3 | 3 | - |
| Post- Graduate | | | - | | | - |
| Adult High School (15+ Credits) | | | - | | | - |
| Adult High School (1-14 Credits) | | | - | | | - |
| Subtotal | 128 | 148 | (20) | 44 | 44 | - |
| Sp Ed - Elementary | 15 | 14 | 1 | 4 | 4 | - |
| Sp Ed - Middle School | 9 | 11 | (2) | 1 | 1 | - |
| Sp Ed - High School | 9 | 9 | - | 3 | 3 | - |
| Subtotal | 33 | 34 | (1) | 8 | 8 | - |
| County Vocational - Regular | | | - | | | - |
| County Vocational - F.T. Post-Second | | | - | | | - |
| Subtotal | - | - | - | - | - | - |
| Totals | 161 | 182 | (21) | 52 | 52 | - |
| Percentage Error | | | <u>-13%</u> | | | <u>-</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 | | | - | | | - |
| Grade 1 | 3 | 3 | - | 3 | 3 | - |
| Grade 2 | 3 | 3 | - | 3 | 3 | - |
| Grade 3 | 1 | 1 | - | 1 | 1 | - |
| Grade 4 | 2 | 2 | - | 2 | 2 | - |
| Grade 5 | | | - | | | - |
| Grade 6 | 2 | 2 | - | 2 | 2 | - |
| Grade 7 | 3 | 3 | - | 3 | 3 | - |
| Grade 8 | 2 | 2 | - | 2 | 2 | - |
| Grade 9 | | | - | | | - |
| Grade 10 | 2 | 2 | - | 2 | 2 | - |
| Grade 11 | 1 | 1 | - | 1 | 1 | - |
| Grade 12 | | | - | | | - |
| Post- Graduate | | | - | | | - |
| Adult High School (15+ Credits) | | | - | | | - |
| Adult High School (1-14 Credits) | | | - | | | - |
| Subtotal | 19 | 19 | - | 19 | 19 | - |
| Sp Ed - Elementary | 1 | 1 | - | 1 | 1 | - |
| Sp Ed - Middle School | | | - | | | - |
| Sp Ed - High School | | | - | | | - |
| Subtotal | 1 | 1 | - | 1 | 1 | - |
| County Vocational - Regular | | | - | | | - |
| County Vocational - F.T. Post-Second | | | - | | | - |
| Subtotal | - | - | - | - | - | - |
| Totals | 20 | 20 | - | 20 | 20 | - |
| Percentage Error | | | <u>-</u> | | | <u>-</u> |

| | Transportation | | | | | |
|--------------------------|--------------------------|-------------------------------|----------|-----------|-----------|------------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Reg. - Public Schools | 34 | 34 | - | 26 | 23 | 3 |
| Transported - Non Public | - | - | - | | | - |
| All Non-Public | - | - | - | | | - |
| Regular - Special Ed | - | - | - | | | - |
| Special Needs | 18 | 18 | - | 14 | 7 | 7 |
| Totals | 52 | 52 | - | 40 | 30 | 10 |
| Percentage Error | | | <u>-</u> | | | <u>25%</u> |

**LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
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 | | | - | | | - |
| Grade 1 | 14 | 11 | 3 | 9 | 9 | - |
| Grade 2 | 7 | 7 | - | 6 | 6 | - |
| Grade 3 | 7 | 7 | - | 6 | 6 | - |
| Grade 4 | 5 | 5 | - | 4 | 4 | - |
| Grade 5 | 2 | 2 | - | 2 | 2 | - |
| Grade 6 | - | - | - | - | - | - |
| Grade 7 | 5 | 3 | 2 | 1 | 1 | - |
| Grade 8 | 1 | - | 1 | - | - | - |
| Grade 9 | 2 | 2 | - | 2 | 2 | - |
| Grade 10 | 4 | 3 | 1 | 2 | 2 | - |
| Grade 11 | 8 | 8 | - | 8 | 8 | - |
| Grade 12 | 1 | - | 1 | | | - |
| Post- Graduate | | | - | | | - |
| Adult High School (15+ Credits) | | | - | | | - |
| Adult High School (1-14 Credits) | | | - | | | - |
| Subtotal | 56 | 48 | 8 | 40 | 40 | - |
| Sp Ed - Elementary | - | - | - | - | - | - |
| Sp Ed - Middle School | 2 | 2 | - | 1 | 1 | - |
| Sp Ed - High School | - | - | - | - | - | - |
| Subtotal | 2 | 2 | - | 1 | 1 | - |
| County Vocational - Regular | | | | | | |
| County Vocational - F.T. Post-Second | | | | | | |
| Subtotal | | | | | | |
| Totals | 58 | 50 | 8 | 41 | 41 | - |
| Percentage Error | | | <u>14%</u> | | | <u>0.00%</u> |

**LEONIA BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION 1 - Regular District

| | |
|--|----------------------|
| Two Percent (2%) - Calculation of Excess Surplus | \$ 40,064,616 |
| 2019-2020 Total General Fund Expenditures per the CAFR | |
| Decreased by: | |
| Assets Acquired Under Capital Leases | (333,076) |
| On-Behalf TPAF Pension & Social Security | <u>(5,392,481)</u> |
| Adjusted 2019-2020 General Fund Expenditures | <u>\$ 34,339,059</u> |
| 2% of Adjusted 2019-2020 General Fund Expenditures | \$ 686,781 |
| Allowable Adjustments - Extraordinary Aid | <u>20,749</u> |
| Maximum Unassigned Fund Balance | \$ 707,530 |

SECTION 2

| | |
|--|------------------|
| Total General Fund - Fund Balance at June 30, 2020 (Per CAFR Budgetary Comparison Schedule/Statement C-1) | \$ 3,349,963 |
| Decreased by: | |
| Restricted Fund Balances - Capital Reserve | \$ 600,907 |
| Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's Expenditures | 275,000 |
| Restricted Fund Balances - Maintenance Reserve | 350,000 |
| Restricted Fund Balances - Maintenance Reserve - Designated for Subsequent Year | 100,000 |
| Excess Surplus Designated for Subsequent Year's Expenditures | 641,276 |
| Assigned - Year End Encumbrances | <u>35,250</u> |
| | <u>2,002,433</u> |
| Total Unassigned Fund Balance | <u>1,347,530</u> |
| Restricted Fund Balance - Excess Surplus | <u>\$640,000</u> |

SECTION 3

| | |
|---|---------------------|
| Recapitulation of Restricted Excess Surplus as of June 30, 2020 | |
| Excess Surplus | \$ 640,000 |
| Excess Surplus - Designated for Subsequent Year's Expenditures | <u>641,276</u> |
| Total | <u>\$ 1,281,276</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 and supporting documentation for vendor payments be maintained on file in an orderly manner and be available for audit.
2. Payments to vendors made by electronic funds transfer be included on the bills lists submitted to the Board for their approval. In addition, the District adopt formal policies and procedures for the electronic payment of claims.
3. The District's dental benefit bills be reviewed on a monthly basis to ensure only active eligible employees with the District are receiving benefits
4. The District remit the IRS Information Form 1095C filing in a timely manner.
5. Internal control procedures be reviewed and revised to ensure the original budget as adopted is properly reflected in the District's budget appropriation report. In addition, the District reconcile the modified budget to the encumbrances reported in the prior year audit.
6. Procedures be reviewed and revised to ensure all debit/credit memo transactions are properly reflected in the District's accounting records.
7. Greater care be exercised over travel expenses to ensure post-travel purpose and relevance reports and supporting documentation are attached to purchase orders.
- * 8. Final expenditure reports for the Federal ESEA and IDEA grant programs be reconciled to and be in agreement with the District's accounting records prior to their submission
9. The District prepare and remit to the State the report for reimbursement of TPAF FICA and Pension by the required due date.

III. School Purchasing Program

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote threshold are made in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

IV. School Food Service

There are none.

**LEONIA BOARD OF EDUCATION
RECOMMENDATIONS**

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

It is recommended that documentation be retained and made available for audit to support students reported on the District's DRTRS report .

IX. Facilities and Capital Assets

There are none.

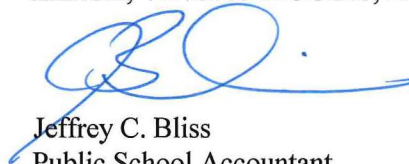
X. Status of Prior Years' Audit Findings/Recommendations

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