

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

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

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## INDEPENDENT AUDITOR'S MANAGEMENT REPORT

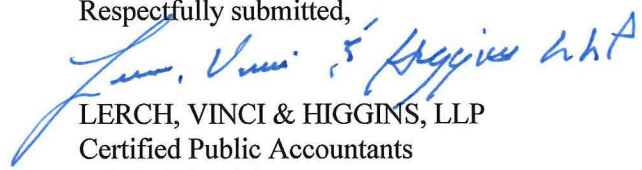
Honorable President and Members  
of the Board of Education  
Moonachie Board of Education  
Moonachie, New Jersey

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 Moonachie Board of Education for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 15, 2020.

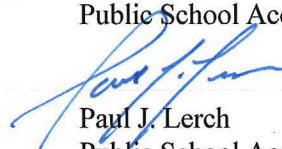
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

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.

Respectfully submitted,



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
December 15, 2020

**MOONACHIE 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 the 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 the Insurance Schedule contained in the district's CAFR.

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Laurel Spadavecchia	Business Administrator/Board Secretary	\$200,000
Ernest Turner	Treasurer	\$250,000

There is a Public Employees' Dishonesty Bond covering all other employees with multiple coverage of \$500,000.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Account**

All payrolls were approved by the Superintendent and were certified by the president of the Board, the Board Secretary/Business Administrator and the Treasurer of School Monies.

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.

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

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**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 reserves 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** – Our audit of the General Fund revealed several instances where open purchase orders at year-end were classified as encumbrances, which were determined to be accounts payable, as the goods and services were rendered prior to June 30, 2020 and also deemed invalid.

**Recommendation** – It is recommended that open encumbrances be reviewed to determine proper classification between encumbrances and accounts payable as well as validity.

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

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(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. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed no additional procedures were deemed necessary to test the propriety of expenditure classification.

Travel

The district has adopted a policy regulating District travel in compliance with N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11.12.

Board Secretary's Records

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

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

**Finding** – The Board Secretary's and Treasurer's reports were in agreement however the cash balance for the general operating account was not in agreement with the reconciled cash balance as determined during the audit.

**Recommendation** – It is recommended the Board Secretary and Treasurer reconcile the cash records with the reconciled bank statements.

Bids received are summarized in the minutes.

The prescribed contracted order system was followed.

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating account, payroll account, payroll agency account and the food service accounts. The Treasurer's records were in agreement with the Board Secretary's records.

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

The E.S.E.A./E.S.S.A 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 and IV of the Elementary and Secondary Education Act, as amended.

Our examination of the E.S.E.A./ESSA 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.

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 contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

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

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

**I.D.E.A. Part B**

Separate accounting was maintained for each approved project.

Grant application approvals and acceptance of grant funds were made by Board resolution.

**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.

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The reimbursement to the State for 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 subsequent to the end of the 60 day grant liquidations period, but prior to 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**

N.J.S.A. 18A:18-4 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".

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) is \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent). The District has appointed Ernes Turner as a Qualified Purchasing Agent. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is \$19,000 for 2019-20.

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 Treasurer of School Monies as the qualified purchasing agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements and aggregate amounts for similar services/goods were made for the performance of work or purchased goods or services, 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. Our examination did reveal, however, that the district purchased items through the use of State contracts.

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

**School Food Service Fund**

**COVID – 19 EMERGENCY**

In accordance with the Governor’s Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-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.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate food service personnel, as to whether the SFA’s expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition.

Cash receipts and bank records were reviewed for timely deposit.

The District has contracted with Carlstadt-East Rutherford Regional School District as its 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 cost reimbursable for fixed price contract/addendum were reviewed and audited.

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

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

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

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.

**Finding** – Net cash resources exceeded three months average expenditures.

**Recommendation** – It is recommended that the Board take efforts to reduce the net cash resources.

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

**Student Body Activity Fund**

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

All receipts tested were deposited in a timely manner. All cash disbursements tested had proper supporting documentation.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private school for the handicapped, low income and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without 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 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 with one 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.

**Miscellaneous**

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

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

**Follow Up On Prior Year Findings**

Corrective action has been taken.

**Suggestions to Management**

All interfunds balances be liquidated.



**MOONACHIE BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF MEAL/MILK COUNT ACTIVITY  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**MOONACHIE BOARD OF EDUCATION  
NET CASH RESOURCE SCHEDULE**

**Proprietary Funds - Food Service  
FYE 2020**

**Net Cash Resources:**

\*

**Current Assets**

Cash & Cash Equiv.	\$	97,026	
Due from Other Gov'ts		5,630	
Accounts Receivable			
Investments			

**Current Liabilities**

Less Accounts Payable		(33,393)	
Less Accruals			
Less Due to Other Funds			
Less Deferred Revenue			

<b>Net Cash Resources</b>	<b>\$</b>	<b>69,263</b>	<b>(A)</b>
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**Net Adj. Total Operating Expense:**

Tot. Operating Exp.	213,811	
Less Depreciation		

Adj. Tot. Oper. Exp.	<b>\$</b>	<b>213,811</b>	<b>(B)</b>
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**Average Monthly Operating Expense:**

B / 10	<b>\$</b>	<b>21,381</b>	<b>(C)</b>
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**Three times monthly Average:**

3 X C	<b>\$</b>	<b>64,143</b>	<b>(D)</b>
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TOTAL IN BOX A	\$	69,263	
LESS TOTAL IN BOX D	\$	64,143	
NET	\$	<b>5,120</b>	

**A is greater than D, cash does exceed 3 X average monthly operating expenses.**

MOONACHIE BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 SCHEDULE OF AUDITED ENROLLMENTS  
 OCTOBER 15, 2019

	2020-21 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		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on Workpapers Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Full Day Preschool - 4 years	22		22		-			22		22								
Full Day Kindergarten	38		38		-			38		38								
1st Grade	25		25		-			25		25								
2nd Grade	40		40		-			40		40								
3rd Grade	31		31		-			31		31								
4th Grade	24		24		-			24		24								
5th Grade	26		26		-			26		26								
6th Grade	23		23		-			23		23								
7th Grade	35		35		-			35		35								
8th Grade	28		28		-			28		28								
<b>Subtotal</b>	<b>292</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	26		26		-			26		26			1	1	1	1		-
Spec Ed - Middle School	18		18		-			18		18			1	1	1	1		-
Spec Ed - High School					-								4	4	3	3		-
<b>Subtotal</b>	<b>44</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>336</b>	<b>-</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>336</b>	<b>-</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<u><u>0.00%</u></u>													<u><u>0.00%</u></u>

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

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool - 4 years												
Full Day Kindergarten	24	24	-	5	5	-	1	1	-	1	1	-
1st Grade	14	14	-	3	3	-	2	2	-	2	2	-
2nd Grade	15	15	-	3	3	-	2	2	-	2	2	-
3rd Grade	23	23	-	5	5	-	2	2	-	2	2	-
4th Grade	13	13	-	3	3	-			-			-
5th Grade	12	12	-	3	3	-			-			-
6th Grade	12	12	-	3	3	-			-			-
7th Grade	24	24	-	5	5	-	4	4	-	3	3	-
8th Grade	18	18	-	4	4	-			-			-
9th Grade	16.5	16.5	-	4	4	-	1	1	-	1	1	-
10th Grade	12	12	-	3	3	-			-			-
11th Grade	10	10	-	2	2	-			-			-
12th Grade	8	8	-	2	2	-	3	3	-	2	2	-
<b>Subtotal</b>	<u>201.5</u>	<u>201.5</u>	<u>-</u>	<u>45</u>	<u>45</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>-</u>	<u>13</u>	<u>13</u>	<u>-</u>
Spec Ed - Elementary	20	20	-	5	5	-			-			-
Spec Ed - Middle School	13	13	-	3	3	-			-			-
Spec Ed - High School	11	11	-	2	2	-			-			-
<b>Subtotal</b>	<u>44</u>	<u>44</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>246</u>	<u>246</u>	<u>-</u>	<u>55</u>	<u>55</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>-</u>	<u>13</u>	<u>13</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	69	69	-	47	47	-
Transported - Non-Public			-			-
Regular - Spec.	29	29	-	20	20	-
Special Needs - Public	19	19	-	13	13	-
<b>Totals</b>	<u>117</u>	<u>117</u>	<u>-</u>	<u>80</u>	<u>80</u>	<u>-</u>
			<u>0.00%</u>			<u>0.00%</u>

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

	Resident LEP Not 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 Register	Sample Errors
Full Day Preschool - 4 years			-			-
Full Day Kindergarten			-			-
1st Grade	1	1	-	1	1	-
2nd Grade	1	1	-	1	1	-
3rd Grade			-			-
4th Grade			-			-
5th Grade			-			-
6th Grade			-			-
7th Grade			-			-
8th Grade			-			-
9th Grade			-			-
10th Grade	2	2	-	2	2	-
11th Grade	2	2	-	1	1	-
12th Grade	1	1	-	1	1	-
<b>Subtotal</b>	<u>7</u>	<u>7</u>	-	<u>6</u>	<u>6</u>	-
Spec Ed - Elementary			-			-
Spec Ed - Middle School			-			-
Spec Ed - High School			-			-
<b>Subtotal</b>	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-
<b>Totals</b>	<u>7</u>	<u>7</u>	-	<u>6</u>	<u>6</u>	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

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

2019-2020 Total General Fund Expenditures		\$ 9,316,379
Increased by:		
Transfer to Special Revenue Fund Pre-K		86,803
Decreased by:		
On-Behalf TPAF Pension & Social Security		854,826
Adjusted 2019-2020 General Fund Expenditures		8,548,356
2% of Adjusted 2019-2020 General Fund Expenditures		170,967
Enter Greater of 2% of Adjusted 2019-2020 General Fund Expenditures or \$250,000		250,000
Increased by:		
Allowable Adjustment		69,196
Maximum Unreserved/Undesignated Fund Balance		\$ 319,196
Total General Fund - Fund Balance at June 30, 2020		\$ 2,795,225
Decreased by:		
Restricted:		
Reserved Excess Surplus Designated Subsequent Year Expenditures	\$ 302,657	
Capital Reserve	1,674,000	
Maintenance Reserve	317,197	
Assigned:		
Year End Encumbrances	83,301	
		2,377,155
Total Unassigned Fund Balance for Excess Surplus Calculation		\$ 418,070
Restricted Fund Balance - Excess Surplus		\$ 98,874
<b><u>Recapitulation of Excess Surplus as of June 30, 2020</u></b>		
Reserved Excess Surplus		\$ 98,874
Reserved Excess Surplus Designated for Subsequent Year's Expenditures		302,657
		\$ 401,531

**MOONACHIE BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Open encumbrances be reviewed to determine proper classification between encumbrances and accounts payable as well as validity.
2. The Board Secretary and Treasurer reconcile the cash records with the reconciled bank statements.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

\* It is recommended that the Board take efforts to reduce the net cash resources.

**V. Student Body Activities**

There are none.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Miscellaneous**

There are none.

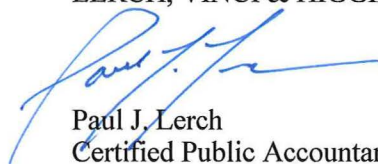
**IX. Status of Prior Years' Audit Findings/Recommendations**

Prior year findings were reviewed and corrective action was taken on all items except the item 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



Paul J. Lerch  
Certified Public Accountant  
Public School Accountant