

**LEONIA BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

**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, 2021, and have issued our report thereon dated April 4, 2022.

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
April 4, 2022

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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>
Rashon K Hason	School Business Administrator/Board Secretary	\$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 reveal certain discrepancies with respect to signatures, certifications and proper itemization as indicated in the following findings.

- **Finding 2021-1 (CAFR Finding 2021-001)** – We were not provided with purchase orders and vendor invoices or other supporting documentation for numerous payments made during the fiscal year. Additionally in certain instances the purchase order copy was not available for audit. We also noted in certain instances the purchase order amount and the documentation supporting the payment amount were not in agreement.

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

- **Finding 2021-2** – Our audit revealed purchases were made and contracts were entered into prior to the approval and issuance of a purchase order (confirming orders).

Recommendation – In all instances a properly executed purchase order be approved and issued prior to the purchase of goods or rendering of services to ensure confirming orders do not occur.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

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 approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

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

- **Finding 2021-3** – We noted a detailed payroll deduction subsidiary ledger was not maintained by deduction category.

Recommendation – A payroll deduction subsidiary ledger be maintained by deduction category.

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.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in satisfactory 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 with exceptions noted.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding 2021-4** – We noted the modified budget per the appropriation report included certain adjustments that resulted in the appropriation of unassigned fund balance without proper Board approval. In addition, the modified budget included certain prior year encumbrances that were reclassified as accounts payable, as well as, encumbrances that were invalid and cancelled in the prior year audit.

Recommendation – Procedures be reviewed and revised to ensure that modifications to the original budget are for allowable increases and where required are properly approved by the Board.

Treasurer's Records

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

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

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

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

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.

Our examination of the ESSA/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 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.

Our audit indicated the District did not meet the local maintenance of effort (MOE) requirements. The District indicated that the maintenance of effort was not achieved due to the decrease in enrollment of children with disabilities and the voluntary departure of special education personnel during the public health emergency.

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 expenditures were reviewed subsequent to the reimbursement and no exceptions were noted.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is \$19,600 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 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 2021-5 (CAFR Finding 2021-002)** – 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:
- Certain purchases exceeding the bid threshold that were awarded through State contract and cooperative purchasing programs were not approved in the minutes.
 - State contract and cooperative purchasing program contract award documentation was not on file or available for audit for certain vendors.
 - We noted payments made that exceeded the quote threshold, for which documentation to support competitive quotations were sought was not available for audit.
 - The post award advertisement for a professional service contract award in excess of the bid threshold was not available for audit.
 - 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, 2021

Food Service Fund

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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 eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFA's) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 all children throughout the ages of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 students during the emergency.

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.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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.

We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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.

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 breakeven 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.

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.

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, 2021**

Student Body Activities

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

All receipts tested were deposited in a timely manner.

All cash disbursements tested had proper supporting documentation.

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, 2020 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

- **Finding 2021-6 (CAFR 2021-003)** – Our audit of the A.S.S.A. indicated variances when comparing the number of students reported on the ASSA with the number of students on the District's supporting workpapers for Resident Low Income, LEP Low Income and LEP Not Low Income categories.

Recommendation – Greater care be taken over the preparation of the Application for State School Aid (A.S.S.A.) to ensure students reported on the ASSA agree with District workpapers.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020/2021 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 2021-7** – Our audit of the District's capital assets revealed certain assets acquired in prior years were excluded from the capital asset inventory report. In addition, the accumulated depreciation reflected on the capital asset report is not in agreement with the amounts reflected on the CAFR. The difference appears to be brought forward from the time the District outsourced capital asset accounting services to an independent consultant.

Recommendation – The District's capital asset accounting records be updated for all prior year unrecorded assets and related depreciation to agree to the amounts reported in the District's financial statements.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

**LEONIA BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SCHEDULE OF MEAL COUNT ACTIVITY

This Schedule is not applicable for 2020-2021.

**LEONIA BOARD OF EDUCATION
FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO THREE MONTHS AVERAGE EXPENDITURES
AS OF JUNE 30, 2021**

NET CASH RESOURCE SCHEDULE

		Food Service B-4/5	
<u>Net Cash Resources:</u>			
<u>CAFR</u>	Current Assets		
B-4	Cash & Cash Equivalents	\$	36,797
B-4	Intergovernmental Receivable		27,476
B-4	Other Accounts Receivable		5,476
<u>CAFR</u>	Current Liabilities		
B-4	Less Accounts Payable		
B-4	Less Unearned Revenue		(32,490)
Net Cash Resources		\$	37,259 (A)
<u>Total Net Adjusted Operating Expenses:</u>			
	Total Operating Expenses	\$	417,894
	Less Depreciation		(1,006)
	Total Net Adjusted Total Operating Expenditures	\$	416,888 (B)
<u>Average Monthly Operating Expenses:</u>			
	Total Net Adjusted Operating Expenses (B) / 10 months	\$	41,689 (C)
<u>Three Times Monthly Average:</u>			
	3 X Average Monthly Expenses (C)	\$	125,066 (D)

TOTAL NET CASH RESOURCES	\$	37,259
LESS THREE MONTHS AVERAGE EXPENDITURES	\$	125,066
NET OVER (UNDER)	\$	(87,807)

NET CASH RESOURCES DID NOT EXCEED THREE MONTHS OF EXPENSES

LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS

	2021-2022 Application for State School Aid						Sample for Verification				Private Schools for Disabled									
	Reported on A.S.S.A.		Reported on Workpapers		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	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					-	-							-							-
Full Day Preschool 4 Years Old	33		33		-	-	33		33		-		-							-
Half Day Kindergarten					-	-							-							-
Full Day Kindergarten	93		93		-	-	93		93		-		-							-
Grade 1	105		105		-	-	105		105		-		-							-
Grade 2	107		107		-	-	107		107		-		-							-
Grade 3	116		116		-	-	116		116		-		-							-
Grade 4	106		106		-	-	106		106		-		-							-
Grade 5	103		103		-	-	103		103		-		-							-
Grade 6	103		103		-	-	103		103		-		-							-
Grade 7	177		177		-	-	177		177		-		-							-
Grade 8	188		188		-	-	188		188		-		-							-
Grade 9	183		183		-	-	183		183		-		-							-
Grade 10	171		171		-	-	171		171		-		-							-
Grade 11	182		182		-	-	182		182		-		-							-
Grade 12	159		159		-	-	159		159		-		-							-
Post- Graduate					-	-							-							-
Adult High School (15+ Credits)					-	-							-							-
Adult High School (1-14 Credits)					-	-							-							-
Subtotal	1,826	-	1,826	-	-	-	1,826	-	1,826	-	-	-	-		-		-	-	-	
Sp Ed - Elementary	65		65		-	-	15		15		-		2	1	1		1		-	
Sp Ed - Middle School	66		66		-	-	13		13		-		2	1	1		1		-	
Sp Ed - High School	125		125		-	-	30		30		-		2	1	1		1		-	
Subtotal	256	-	256	-	-	-	58	-	58	-	-	-	6	3	3		3		-	
County Vocational - Regular					-	-							-							-
County Vocational - F.T. Post-Second					-	-							-							-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-			-		-	-	-	
Totals	2,082	-	2,082	-	-	-	1,884	-	1,884	-	-	-	6	3	3		3		-	
Percentage Error					0.000%	0%					0.00%		-						0%	

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
		-			-
		-			-
		-			-
		-			-
2	3	(1)	2	2	-
7	6	1	3	3	-
9	10	(1)	3	3	-
14	15	(1)	3	3	-
14	13	1	3	3	-
13	13	-	3	3	-
11	10	1	3	3	-
14	18	(4)	3	3	-
7	15	(8)	3	3	-
16	11	5	4	4	-
13	14	(1)	4	4	-
9	13	(4)	4	4	-
17	20	(3)	4	4	-
		-			-
		-			-
		-			-
146	161	(15)	42	42	-
9	8	1	3	3	-
8	9	(1)	1	1	-
16	13	3	1	1	-
-	-	-			-
33	30	3	5	5	-
-					-
-					-
-	-	-			-
-	-	-	-	-	-
179	191	(12)	47	47	-
		-7%			-

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
		-			-
		-			-
		-			-
1	1	-	-	-	-
1	1	-	-	-	-
3	3	-	1	1	-
2	2	-	-	-	-
1	1	-	-	-	-
2	2	-	-	-	-
2	2	-	1	1	-
2	2	-	-	-	-
2	3	(1)	1	1	-
2	2	-	1	1	-
1	1	-	1	1	-
3	3	-	1	1	-
1	1	-	1	1	-
		-			-
		-			-
		-			-
23	24	(1)	7	7	
	1	(1)			-
1	1	-	1	1	-
1	1	-			-
2	3	(1)	1	1	
-					
-					
25	27	(2)	8	8	
		-8%			-

	Transportation					
	Reported on DRTS by DOE	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	24	24	-	17	17	-
Transported - Non Public	-	-	-			-
AIL Non-Public	-	-	-			-
Regular - Special Ed	1	1	-	1	1	-
Special Needs	13	13	-	10	10	-
	38	38	-	28	28	-

0%

**LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
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 Workpapers	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	19	17	2	3	3	-
Grade 1	7	6	1	2	2	-
Grade 2	10	9	1	3	3	-
Grade 3	3	2	1	2	2	-
Grade 4	4	4	-	2	2	-
Grade 5	2	1	1	1	1	-
Grade 6	-	-	-	-	-	-
Grade 7	6	3	3	2	2	-
Grade 8	3	3	-	2	2	-
Grade 9	-	-	-	2	2	-
Grade 10	-	2	(2)	2	2	-
Grade 11	1	2	(1)	2	2	-
Grade 12	3	4	(1)	3	3	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	58	53	5	26	26	-
Sp Ed - Elementary	-	-	-	1	1	-
Sp Ed - Middle School	1	1	-			-
Sp Ed - High School	1	-	1			-
Subtotal	2	1	1	1	1	-
County Vocational - Regular	-					
County Vocational - F.T. Post-Second	-					
Subtotal						
Totals	60	54	6	27	27	-
Percentage Error			<u>10%</u>			<u>0.00%</u>

**LEONIA BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1 - Regular District

Four Percent (4%) - Calculation of Excess Surplus

2020-2021 Total General Fund Expenditures per the CAFR	\$ 40,680,440	
Increased by:		
Transfers to Special Revenue Fund	30,000	
Decreased by:		
Assets Acquired Under Capital Leases	(1,500,000)	
On-Behalf TPAF Pension & Social Security	(6,606,229)	
Adjusted 2020-2021 General Fund Expenditures	<u>\$ 32,604,211</u>	
4% of Adjusted 2020-2021 General Fund Expenditures	\$ 1,304,168	
Allowable Adjustments - Extraordinary Aid	<u>63,804</u>	
Maximum Unassigned Fund Balance		\$ 1,367,972

SECTION 2

Total General Fund - Fund Balance at June 30, 2021 \$ 6,547,732
(Per CAFR Budgetary Comparison Schedule/Statement C-1)

Decreased by:		
Restricted Fund Balances - Capital Reserve	\$ 1,940,789	
Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's Expenditures	385,000	
Restricted Fund Balances - Maintenance Reserve	575,000	
Restricted Fund Balances - Maintenance Reserve - Designated for Subsequent Year	275,000	
Restricted - Unemployment Compensation Reserve	180,207	
Excess Surplus Designated for Subsequent Year's Expenditures	640,000	
Assigned - FFCRA / SEMI	3,934	
Assigned - Year End Encumbrances	<u>579,830</u>	
		<u>4,579,760</u>
Total Unassigned Fund Balance		<u>1,967,972</u>
Restricted Fund Balance - Excess Surplus		<u>600,000</u>

SECTION 3

Recapitulation of Restricted Excess Surplus as of June 30, 2021		
Excess Surplus		\$ 600,000
Excess Surplus - Designated for Subsequent Year's Expenditures		<u>640,000</u>
Total		<u>\$ 1,240,000</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. In all instances a properly executed purchase order be approved and issued prior to the purchase of goods or rendering of services to ensure confirming orders do not occur.
- 3. A payroll deduction subsidiary ledger be maintained by deduction category.
- * 4. Procedures be reviewed and revised to ensure that modifications to the original budget are for allowable increases and where required are properly approved by the Board.

III. School Purchasing Program

- * 5. It is recommended that 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.

V. Student Body Activities

There are none.

VI. Enrichment Program

There are none.

VII. Application for State School Aid

- * 6. It is recommended that greater care be taken over the preparation of the Application for State School Aid (A.S.S.A.) to ensure students reported on the ASSA agree with the District workpapers.

VIII. Pupil Transportation

There are none.

**LEONIA BOARD OF EDUCATION
RECOMMENDATIONS**

IX. Facilities and Capital Assets

7. It is recommended that the District's capital asset accounting records be updated for all prior year unrecorded assets and related depreciation to agree to the amounts reported in the District's financial statements.

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