

**LEONIA BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

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

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AUDITOR'S MANAGEMENT REPORT

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

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Leonia Board of Education, County of Bergen, State of New Jersey as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 7, 2017.

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
November 7, 2017

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>
Donna Alonso	Interim School Business Administrator (10/21/16 to 6/30/17)	\$500,000
Michael Leary	Interim School Business Administrator (7/1/16 to 10/13/16)	500,000
Antonette Kelly	Treasurer of School Monies	500,000

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

All payrolls tested were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

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

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

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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:23-8.2. 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 good condition.

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

The prescribed contractual order system was followed.

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

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding (CAFR Finding 2017-001)** – We noted that the financial transactions of a \$515,698 capital lease bank account with First Hope Bank for a LED lighting upgrade project was not recorded in the District's accounting records. In addition, the payments made by the bank (fiscal agent) to the vendor from this account were not included on the bills list and therefore not approved by the Board in the official minutes.

Recommendation – The District record the transactions of its capital lease bank accounts in their financial accounting records. In addition payments to vendors be included on the bills list presented to the Board for their approval and be made part of the official minutes prior to payment by the Fiscal Agent.

Treasurer's Records

The Treasurer performed cash reconciliations for all District accounts in accordance with N.J.S.A. 18A:17-36 except for the First Hope Bank capital lease account as previously discussed above.

All cash receipts were promptly deposited.

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act (NCLB) of 2001

The E.S.E.A./NCLB 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 and III Immigrant of the Elementary and Secondary Education Act.

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.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, 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 \$18,800 for 2015-2016.

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 Interim Business Administrator as the qualified purchasing agent and has approved by Board resolution a bid threshold of \$40,000.

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

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

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal that purchases were made through the use of state contracts.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

- **Finding** - We noted that a cooperative purchasing (ESCNJ) contract award to a vendor for purchases made in excess of the bid threshold was not specifically approved in the minutes.

Recommendation – Continued efforts be made to ensure cooperative purchasing contract awards and purchases to vendors that exceed the bid threshold are specifically approved in the minutes.

Food Service Fund

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the "SFA") had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we inquired as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed. The FSMC contract includes an operating results provision which guarantees that the food service program will have no cost or breakdown food service operation, including the management fee. The operating results provision has been met for the current fiscal year.

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

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

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, 2017**

Student Body Activities

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

- **Finding** – Our audit revealed that there was only one (1) authorized signature on certain checks issued for payment in the Middle School Athletic Account, although two (2) are required.
Recommendation – All checks issued from the Middle School Athletic Account contain the required two (2) authorized signatures prior to issuance.
- **Finding** – One audit of the High School Student Activity Account revealed several sub-activity accounts that do not appear to be for student related type activities and clubs.
Recommendation – The High School Student Activity Account be utilized for only the financial transactions of student related activities and clubs.
- **Finding** – Our audit of the High School Student Activity Account disbursements revealed exceptions for payments made without proper supporting documentation.
Recommendation – All payments made from the High School Student Activity Account be accompanied by proper supporting documentation.
- **Finding** – Our audit of the High School Student Account bank reconciliation at June 30, 2017 revealed a deposit in transit for a \$7,500 CD that was cashed in a prior year but not reflected in the accounting records.
Recommendation – The reconciling deposit in transit item noted on the High School Student Activity Account bank reconciliations be reviewed and cleared of record.

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 14, 2016 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 minor exceptions noted. The information that was included on the workpapers was verified with exceptions noted. 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.

**LEONIA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 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.

Follow-up Prior Year Findings

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

Suggestions to Management

- Balances in the net payroll and payroll agency accounts be reviewed and any excess funds be returned to the General Fund.
- Food Service revenues be posted to the appropriate revenue accounts.

**LEONIA BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

This Schedule is not applicable for 2016-17.

**LEONIA BOARD OF EDUCATION
FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO THREE MONTHS AVERAGE EXPENDITURES
AS OF JUNE 30, 2017**

NET CASH RESOURCE SCHEDULE

This Schedule is not applicable for 2016-2017.

**LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	2017-2018 Application for State School Aid						Sample for Verification						On Roll - Special Education			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		Sample for Verifi- cation	Sample Verified	Sample Errors	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					-	-													
Full Day Preschool 3 Years Old					1	(1)			1	1									
Half Day Preschool 4 Years Old					-	-													
Full Day Preschool 4 Years Old	15		15		-	-			15	15									
Half Day Kindergarten					-	-													
Full Day Kindergarten	86		86		-	-			86	86									
Grade 1	89		89		-	-			89	89									
Grade 2	94		94		-	-			94	94									
Grade 3	92		92		-	-			92	92									
Grade 4	101		101		-	-			101	101									
Grade 5	103		103		-	-			103	103									
Grade 6	105		105		-	-			105	105									
Grade 7	178		178		-	-			178	178									
Grade 8	164		164		-	-			164	164									
Grade 9	125		125		-	-			125	125									
Grade 10	157		157		-	-			157	157									
Grade 11	154		154		-	-			154	154									
Grade 12	136		136		-	-			136	136									
Post- Graduate					-	-													
Adult High School (15+ Credits)					-	-													
Adult High School (1-14 Credits)					-	-													
Subtotal	1,599	-	1,600	-	(1)	-			1,600	1,600	-	-	-	-	-				
Sp Ed - Elementary	61		61		-	-							61	61	-				
Sp Ed - Middle School	68		68		-	-							68	68	-				
Sp Ed - High School	92		92		-	-							92	92	-				
Subtotal	221	-	221	-	-	-							221	221	-				
County Vocational - Regular					-	-													
County Vocational - F.T. Post-Second					-	-													
Subtotal	-	-	-	-	-	-			-	-	-	-	-	-	-				
Totals	1,820	-	1,821	-	(1)	-			1,600	1,600	-	-	221	221	-				
Percentage Error					-0.05%					0.00%				0.00%				0.00%	0.00%

**LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
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			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	10	10	-	4	4	-
Grade 1	11	11	-	4	4	-
Grade 2	11	11	-	5	5	-
Grade 3	17	17	-	7	7	-
Grade 4	21	21	-	9	9	-
Grade 5	29	28	1	12	12	-
Grade 6	16	16	-	8	8	-
Grade 7	10	10	-	5	5	-
Grade 8	18	18	-	8	8	-
Grade 9	0	5	(5)	3	3	-
Grade 10	15	15	-	7	7	-
Grade 11	14	13	1	5	5	-
Grade 12	23	22	1	9	9	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	195	197	(2)	86	86	-
Sp Ed - Elementary	17	15	2	6	6	-
Sp Ed - Middle School	12	11	1	5	5	-
Sp Ed - High School	14	14	-	6	6	-
Subtotal	43	40	3	17	17	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	238.0	237	1	103	103	-
Percentage Error			<u>0.42%</u>			<u>0.00%</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			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	3	3	-	2	2	-
Grade 1	3	3	-	2	2	-
Grade 2	1	1	-	1	1	-
Grade 3	1	1	-	1	1	-
Grade 4	1	1	-	1	1	-
Grade 5	2	3	(1)	3	3	-
Grade 6	1	1	-	1	1	-
Grade 7	1	1	-	1	1	-
Grade 8	3	3	-	2	2	-
Grade 9	-	-	-	-	-	-
Grade 10	1	-	1	-	-	-
Grade 11	2	1	1	1	1	-
Grade 12	-	-	-	-	-	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	19	18	1	15	15	-
Sp Ed - Elementary			-			-
Sp Ed - Middle School			-			-
Sp Ed - High School			-			-
Subtotal	-	-	-	-	-	-
County Vocational - Regular	0	0	-	0	0	-
County Vocational - F.T. Post-Second	0	0	-	0	0	-
Subtotal	3	0	3	0	0	-
Totals	19	18	1	15	15	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	44	44	-	33	33	-
Regular - Special Ed			-			-
AIL Non-Public			-			-
Transported - Non Public			-			-
Special Needs	17	17	-	13	13	-
Totals	61	61	-	46	46	-
Percentage Error			<u>0.0%</u>			<u>0.0%</u>

**LEONIA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
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	7	7	-	6	6	-
Grade 1	5	5	-	4	4	-
Grade 2	1	1	-	1	1	-
Grade 3	1	1	-	1	1	-
Grade 4	1	-	1	-	-	-
Grade 5	3	-	3	-	-	-
Grade 6	2	2	-	2	2	-
Grade 7	2	5	(3)	4	4	-
Grade 8	4	4	-	3	3	-
Grade 9	2	2	-	2	2	-
Grade 10	1	2	(1)	2	2	-
Grade 11	-	-	-	-	-	-
Grade 12	1	-	1	-	-	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	30	29	1	25	25	0
Sp Ed - Elementary	2	2	-	2	2	-
Sp Ed - Middle School	0	0	-	-	-	-
Sp Ed - High School	4	0	4	-	-	-
Subtotal	6	2	4	2	2	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	36	31	5	27	27	-
Percentage Error			<u>13.89%</u>			<u>0.00%</u>

**LEONIA BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SECTION 1 - Regular District

Two Percent (2%) - Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures per the CAFR	\$	34,027,257
Increased by:		
Transfers from Capital Reserve to Capital Projects Fund		300,000
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(3,786,819)</u>
Adjusted 2016-2017 General Fund Expenditures	\$	<u>30,540,438</u>
2% of Adjusted 2016-2017 General Fund Expenditures	\$	610,809
Allowable Adjustments - Extraordinary Aid		<u>65,859</u>
Maximum Unassigned Fund Balance	\$	676,668

SECTION 2

Total General Fund - Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison Schedule/Statement C-1)	\$	9,796,120
Decreased by:		
Restricted Fund Balances - Capital Reserve	\$	665,000
Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's Expenditures		3,300,000
Restricted Fund Balances - Maintenance Reserve - Designated for Subsequent Year's Expenditures		300,000
Restricted Fund Balances - Emergency Reserve		100,000
Excess Surplus Designated for Subsequent Year's Expenditures		2,429,636
Assigned - Year End Encumbrances		<u>85,917</u>
		<u>6,880,553</u>
Total Unassigned Fund Balance		<u>2,915,567</u>
Restricted Fund Balance - Excess Surplus		<u>\$ 2,238,899</u>

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2017		
Reserved Excess Surplus	\$	2,238,899
Reserved Excess Surplus - Designated fro Subsequent Year's Expenditures		<u>2,429,636</u>
Total		<u>\$ 4,668,535</u>

**LEONIA BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that the District record the transactions of its capital lease bank accounts in their financial accounting records. In addition payments to vendors be included on the bills list presented to the Board for their approval and be made part of the official minutes prior to payment by the Fiscal Agent.

III. School Purchasing Program

- * It is recommended that continued efforts be made to ensure cooperative purchasing contract awards and purchases to vendors that exceed the bid threshold are specifically approved in the minutes.

IV. School Food Service

There are none.

V. Student Body Activities

It is recommended that:

1. All checks issued from the Middle School Athletic Account contain the required two (2) authorized signatures prior to issuance.
- * 2. The High School Student Account be utilized for only the financial transactions of student related activities and clubs.
3. All payments made from the High School Student Activity Account be accompanied by proper supporting documentation.
4. The reconciling deposit in transit item on the High School Student Activity Account bank reconciliation be reviewed and cleared of record.

VI. Enrichment Program

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

**LEONIA BOARD OF EDUCATION
RECOMMENDATIONS**

IX. Facilities and Capital Assets

There are none.

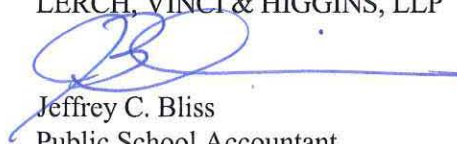
X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations 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



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Certified Public Accountant