

**LYNDHURST BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

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

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Honorable President and Members
of the Board of Education
Lyndhurst Board of Education
Lyndhurst, 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 Lyndhurst Board of Education as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 12, 2019.

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

This report is intended solely for the information and use 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

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 12, 2019

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, 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 Comprehensive Annual Financial Report (the "CAFR").

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|-----------------|---|---------------|
| Angelo DeSimone | Treasurer of School Monies | None |
| Scott Bisig | Board Secretary/School Business Administrator | \$500,000 |

- **Finding** – Our audit revealed that the treasurer of school monies was not bonded during the 2018-2019 school year.

Recommendation – A surety bond be obtained for the treasurer of school monies in the amount required by the New Jersey Administrative Code (NJAC 6A:23A-16.4).

There is an Employees' Dishonesty Faithful Performance Crime Coverage through SAIF covering all other employees with multiple coverage of \$500,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to supporting documentation, signatures and certification, except for the following:

- **Finding** – Our audit of claims revealed payment approval signature was not obtained on purchase order in all instances. However, the District began signing purchase orders for payment approval effective July 1, 2019. Therefore, no recommendation is deemed warranted.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

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 Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholdings due to the general fund for the payroll periods tested.

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.

- **Finding** – We noted an instance where a fraudulent email was sent to the District to change an employee's bank account information for direct deposit purpose. As a result, the employees' net pay was transferred to the fraudulent bank account for three pay periods.

Recommendation – Formal written request, signed by the respective employee, be delivered to the District in-person for changes to employee's banking information for direct deposit purposes.

- **Finding** – The position control roster in the personnel software has not been updated to agree to the District's budget and payroll accounting records in accordance with N.J.A.C. 6A:23A-6.8.

Recommendation – The District update its position control roster to be in agreement with the District's budget and payroll accounting records in accordance with N.J.A.C. 6A:23A-6.8.

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 year end 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.

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 NJAC 6A:23A-8.3. As a result of the procedures performed, no material exceptions were noted, therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

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

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding** – Our audit revealed one (1) budget line account which was overexpended at June 30, 2019. However, this was an isolated instance and was due to an audit adjustment. Therefore, no recommendation is deemed warranted.

Treasurer's Records

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

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

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

The E.S.E.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 Titles I, II, III, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Our examination of the E.S.E.A. 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 Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination 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 Fund section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

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 appointed the State Fiscal Monitor as the qualified purchasing agent and has approved by Board resolution a bid threshold of \$40,000.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

The results of our examination indicated that individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," 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.

- **Finding (CAFR Finding 2019-002)** – We noted several instances where contract awards in excess of the bid threshold for architectural services related to specific projects were not approved by Board resolution and made part of the official minutes.

Recommendation – Contract awards for professional services which exceed the bid threshold on specific projects be approved by Board resolution and made part of the official minutes.

- **Finding (CAFR Finding 2019-002)** – We noted certain vendors paid in excess of the bid threshold that were contracted through a state contract or cooperative purchasing agreement which were not approved by Board resolution and made part of the official minutes.

Recommendation – Contracts awarded and purchase made through a state contract or cooperative purchasing agreement which exceed the bid threshold be approved by Board resolution and made part of the official minutes.

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

- **Finding (CAFR Finding 2019-002)** – We noted numerous instances where Board approved professional service contract awards in excess of the bid threshold were not subsequently published in the District's official newspaper as required by the Public School Contracts Law (N.J.S.A. 18A:18A-5(a)(1)).

Recommendation – Procedures be enhanced to ensure Board approved professional service contract awards are subsequently published in the District's official newspaper as required by the Public School Contracts Law.

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.

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.

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

Food Service Fund (continued)

The Statement of Revenues, Expenses, and Changes in Fund Net Position (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 satisfactory 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 operating results provisions which guarantees that the food service program will break even. The operating results provision has been met.

- **Finding** – Our audit of food service collections revealed several instances where monies collected were not deposited within 48 hours of receipt.

Recommendation – Monies collected be deposited within 48 hours of receipt.

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 disbursement 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.

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 were maintained on a first-in, first-out basis.

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

Preschool Program Fund

Separate cash receipts and disbursement journals and billing records were maintained for the preschool program.

All disbursements are processed through the District's General operating account and reimbursed by the Preschool Program account.

Student Body Activities

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

Cash receipts and disbursements records reviewed disclosed the following.

- **Finding** – We noted that uniform deposit accounting forms nor pre-numbered receipt tickets were utilized for monies collected in the various school accounts.

Recommendation – Uniform deposit accounting forms and pre-numbered receipt tickets be utilized for all monies collected in all the District's student activity accounts.

- **Finding** – We noted financial transactions for various activities (i.e. scholarships, grants and fines) in the Elementary and High School student activity accounts that were not for student related type activities.

Recommendation – Financial transactions accounted for in the Elementary and High School student activity accounts be only for student related type activities.

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 immaterial exceptions noted. 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 had 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 2018-2019 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 information that was included on the workpapers was verified with immaterial exceptions. 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 of transportation related purchases of goods and services, the District complied with proper bidding procedures and award of contracts.

Facilities and Capital Assets

Our procedures included a review of the awarding of contracts for eligible facilities construction.

- **Finding (CAFR Finding 2019-001)** – Our audit of the District’s capital assets revealed documentation to support amounts reported for land and building/building improvements and related depreciation was not maintained by the District and made available for audit.

Recommendation – The District maintain detailed accounting records to support capital assets for land and building/building improvements and related depreciation reported in the District’s financial statements.

- **Finding** – We noted numerous capital assets reported as machinery and equipment with an initial cost below the capitalization threshold established by the District of \$2,000.

Recommendation – The District review its machinery and equipment inventory and make appropriate adjustments for assets valued below the capitalization threshold.

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).

Suggestions to Management

- District should consider paying off the outstanding balance of the deferred pension obligation. The balance at June 30, 2019 was approximately \$54,000.
- Management file for debt service aid for the interest paid on bond anticipation notes issued for the 2016 referendum projects.
- Formal written policy be approved for the use of store cards.
- Payroll check distribution verification be completed no later than December 2019.

Follow-up Prior Year Findings

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

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

N/A – INFORMATION NOT REQUIRED

**LYNDHURST BOARD OF EDUCATION
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| <u>Net Cash Resources:</u> | | Food Service | |
|---|---|----------------------------|------------------------------|
| CAFR | * | Current Assets | |
| B-4 | | Cash & Cash Equiv. | \$ 12,700 |
| B-4 | | Due from Other Gov'ts | 19,182 |
| B-4 | | Accounts Receivable | 6,483 |
| B-4 | | Due from Other Funds | 4,000 |
| CAFR | | Current Liabilities | |
| B-4 | | Less Accounts Payable | (21,841) |
| B-4 | | Less Unearned Revenue | (23,218) |
| | | Net Cash Resources | <u>\$ (2,694)</u> (A) |
| <u>Net Adj. Total Operating Expense:</u> | | | |
| B-5 | | Tot. Operating Exp. | 813,994 |
| B-5 | | Less Depreciation | (1,211) |
| | | Adj. Tot. Oper. Exp. | <u>\$ 812,783</u> (B) |
| <u>Average Monthly Operating Expense:</u> | | | |
| | | B / 10 | <u>\$ 81,278</u> (C) |
| <u>Three times monthly Average:</u> | | | |
| | | 3 X C | <u>\$ 243,835</u> (D) |

| | | | |
|---------------------|----|-------------------------|--|
| TOTAL IN BOX A | \$ | (2,694) | |
| LESS TOTAL IN BOX D | \$ | 243,835 | |
| NET | \$ | <u>(246,529)</u> | |

Net Cash Resources do not Exceed 3 Months Average Expenses.

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

| | 2019-2020 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 | 13 | | 13 | | - | - | 13 | | 13 | | - | | | | | |
| Half Day Preschool 4 Years Old | 16 | | 16 | | - | - | 16 | | 16 | | - | | | | | |
| Full Day Preschool 3 Years Old | | | | | - | - | | | | | - | | | | | |
| Full Day Preschool 4 Years Old | 52 | | 52 | | - | - | 19 | | 19 | | - | | | | | |
| Half Day Kindergarten | | | | | - | - | | | | | - | | | | | |
| Full Day Kindergarten | 166 | | 166 | | - | - | 50 | | 50 | | - | | | | | |
| Grade 1 | 149 | | 149 | | - | - | 36 | | 36 | | - | | | | | |
| Grade 2 | 143 | | 143 | | - | - | 64 | | 64 | | - | | | | | |
| Grade 3 | 172 | | 172 | | - | - | 172 | | 172 | | - | | | | | |
| Grade 4 | 148 | | 148 | | - | - | 39 | | 39 | | - | | | | | |
| Grade 5 | 165 | | 165 | | - | - | 49 | | 49 | | - | | | | | |
| Grade 6 | 154 | | 154 | | - | - | 72 | | 72 | | - | | | | | |
| Grade 7 | 174 | | 174 | | - | - | 51 | | 51 | | - | | | | | |
| Grade 8 | 177 | | 177 | | - | - | 77 | | 77 | | - | | | | | |
| Grade 9 | 149 | | 149 | | - | - | 149 | | 149 | | - | | | | | |
| Grade 10 | 158 | 1 | 158 | 1 | - | - | 158 | 1 | 158 | 1 | - | - | | | | |
| Grade 11 | 168 | | 168 | | - | - | 168 | | 168 | | - | | | | | |
| Grade 12 | 167 | | 167 | | - | - | 167 | | 167 | | - | | | | | |
| Post- Graduate | | | | | - | - | | | | | - | | | | | |
| Adult High School (15+ Credits) | | | | | - | - | | | | | - | | | | | |
| Adult High School (1-14 Credits) | | | | | - | - | | | | | - | | | | | |
| Subtotal | 2,171 | 1 | 2,171 | 1 | - | - | 1,300 | 1 | 1,300 | 1 | - | - | | | | |
| Sp Ed - Elementary | 158 | | 158 | | - | - | 27 | | 27 | | - | - | 3 | 3 | 3 | - |
| Sp Ed - Middle School | 82 | | 82 | | - | - | 14 | | 14 | | - | - | 5 | 4 | 4 | - |
| Sp Ed - High School | 109 | | 109 | | - | - | 19 | | 19 | | - | - | 8 | 7 | 7 | - |
| Subtotal | 349 | - | 349 | - | - | - | 60 | - | 60 | - | - | - | 16 | 14 | 14 | - |
| County Vocational - Regular | | | | | - | - | | | | | - | - | | | | |
| County Vocational - F.T. Post-Second | | | | | - | - | | | | | - | - | | | | |
| Subtotal | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | 2,520 | 1 | 2,520 | 1 | - | - | 1,360 | 1 | 1,360 | 1 | - | - | 16 | 14 | 14 | - |
| Percentage Error | | | | | 0.00% | | | | | | 0.00% | | 0.00% | | 0.00% | |

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

| | 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 | Sample Errors | 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 | 34.0 | 34.0 | - | 11 | 11 | - | 3 | 3 | - | 2 | 2 | - |
| Grade 1 | 41.0 | 41.0 | - | 14 | 14 | - | | 1 | (1) | 1 | 1 | - |
| Grade 2 | 37.0 | 37.0 | - | 12 | 12 | - | | | | | | - |
| Grade 3 | 44.0 | 44.0 | - | 14 | 14 | - | 1 | 1 | - | 1 | 1 | - |
| Grade 4 | 38.0 | 38.0 | - | 13 | 13 | - | 3 | 3 | - | 2 | 2 | - |
| Grade 5 | 58.0 | 58.0 | - | 19 | 19 | - | 2 | 2 | - | 1 | 1 | - |
| Grade 6 | 34.0 | 34.0 | - | 11 | 11 | - | 3 | 3 | - | 2 | 2 | - |
| Grade 7 | 40.0 | 40.0 | - | 13 | 13 | - | 4 | 5 | (1) | 3 | 3 | - |
| Grade 8 | 31.0 | 31.0 | - | 11 | 11 | - | 1 | 1 | - | 1 | 1 | - |
| Grade 9 | 38.0 | 38.0 | - | 12 | 12 | - | 4 | 4 | - | 3 | 3 | - |
| Grade 10 | 31.0 | 31.0 | - | 10 | 10 | - | 2 | 2 | - | 1 | 1 | - |
| Grade 11 | 35.0 | 35.0 | - | 12 | 12 | - | 2 | 3 | (1) | 2 | 2 | - |
| Grade 12 | 34.0 | 34.0 | - | 11 | 11 | - | 5 | 6 | (1) | 3 | 3 | - |
| Post- Graduate | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult High School (15+ Credits) | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult High School (1-14 Credits) | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | 495.0 | 495.0 | - | 163 | 163 | - | 30 | 34 | (4) | 22 | 22 | - |
| Sp Ed - Elementary | 53.0 | 52.0 | 1 | 16 | 16 | - | 1 | 2 | (1) | 1 | 1 | - |
| Sp Ed - Middle School | 36.0 | 35.0 | 1 | 10 | 10 | - | | | | | | - |
| Sp Ed - High School | 33.0 | 33.0 | - | 8 | 8 | - | 1 | 1 | - | 1 | 1 | - |
| Subtotal | 122.0 | 120.0 | 2 | 34 | 34 | - | 2 | 3 | (1) | 2 | 2 | - |
| County Vocational - Regular | | | | | | | | | | | | |
| County Vocational - F.T. Post-Second | | | | | | | | | | | | |
| Subtotal | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | 617.0 | 615.0 | 2.0 | 197.0 | 197.0 | - | 32 | 37 | (5) | 24 | 24 | - |
| Percentage Error | | | <u>0.32%</u> | | | <u>0.00%</u> | | | <u>-15.63%</u> | | | <u>0.00%</u> |

| | Transportation | | | | | |
|--------------------------|--------------------------|-------------------------------|----------|------------|-------------|----------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Reg. - Public Schools | 67 | 67 | - | 42 | 42 | - |
| Regular - Special Ed | 33 | 33 | - | 21 | 20 | 1 |
| Transported - Non Public | | | - | | | - |
| Special Needs | 75 | 75 | - | 46 | 45 | 1 |
| Totals | 175 | 175 | - | 109 | 107 | 2 |
| | | 108.50 | | | | |
| Percentage Error | | <u>0.0%</u> | | | <u>1.8%</u> | |

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

| | Resident LEP Not Low Income | | | Sample for Verification | | |
|--------------------------------------|---|---|---------------|---------------------------------------|----------------------------|--------------|
| | Reported on ASSA as NOT Low Income | Reported on Workpapers as NOT low Income | Errors | Sample Selected From Workpapers | Verified to Application | Errors |
| Half Day Preschool 3 Years Old | | | | | | |
| 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 | 6 | (3) | 5 | 5 | - |
| Grade 2 | - | - | - | - | - | - |
| Grade 3 | - | - | - | - | - | - |
| Grade 4 | 2 | 2 | - | 1 | 1 | - |
| Grade 5 | 1 | 1 | - | 1 | 1 | - |
| Grade 6 | - | 1 | (1) | 1 | 1 | - |
| Grade 7 | - | 1 | (1) | 1 | 1 | - |
| Grade 8 | 2 | 2 | - | 2 | 2 | - |
| Grade 9 | 2 | 2 | - | 2 | 2 | - |
| Grade 10 | - | - | - | - | - | - |
| Grade 11 | 2 | 2 | - | 1 | 1 | - |
| Grade 12 | 5 | 4 | 1 | 3 | 3 | - |
| Post- Graduate | | | - | | | - |
| Adult High School (15+ Credits) | | | - | | | - |
| Adult High School (1-14 Credits) | | | - | | | - |
| Subtotal | 20 | 21 | (1) | 17 | 17 | 0 |
| Sp Ed - Elementary | | | | | | - |
| Sp Ed - Middle School | | | | | | - |
| Sp Ed - High School | | | | | | - |
| Subtotal | 0 | - | - | - | - | - |
| County Vocational - Regular | | | | | | |
| County Vocational - F.T. Post-Second | | | | | | |
| Subtotal | | | | | | |
| Totals | 20 | 21 | (1) | 17 | 17 | - |
| Percentage Error | | | <u>-5.00%</u> | | | <u>0.00%</u> |

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

SECTION 1A

| | | |
|--|----|--------------------|
| 2018-2019 Total General Fund Expenditures per the CAFR | \$ | 46,699,564 |
| Increased by: | | |
| Transfer from General Fund to Preschool Program Fund | | 201,000 |
| Decreased by: | | |
| On-Behalf TPAF Pension & Social Security | | <u>(6,457,279)</u> |
| Adjusted 2018-2019 General Fund Expenditures | \$ | <u>40,443,285</u> |
| 1.5% of Adjusted 2018-2019 General Fund Expenditures | \$ | <u>606,649</u> |
| Enter Greater of 1.5% of Adjusted 2018-2019 General Fund Expenditures or \$250,000 | \$ | 606,649 |
| Increased by: Allowable Adjustments | | <u>163,184</u> |
| Maximum Unassigned Fund Balance | | <u>\$ 769,833</u> |

SECTION 2

| | | |
|--|----|-------------------|
| Total General Fund - Fund Balance at June 30, 2019 (Per CAFR Budgetary Comparison Schedule/Statement) | \$ | 1,405,864 |
| Decreased by: | | |
| Year End Encumbrances | \$ | 455,425 |
| Other Restricted Fund Balances - Disallowed Grant Costs | | <u>301,224</u> |
| | | <u>756,649</u> |
| | | <u>\$ 649,215</u> |
| Fund Balance - Excess Surplus | | <u>\$ -</u> |

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2019

| | | |
|--|----|-------------|
| Excess Surplus | \$ | - |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | <u>-</u> |
| | | <u>\$ -</u> |

Detail of Allowable Adjustments

| | | |
|--------------------------------------|----|-------------------|
| Extraordinary Aid | \$ | 137,374 |
| Non Public School Transportation Aid | | <u>25,810</u> |
| | | <u>\$ 163,184</u> |

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

RECOMMENDATIONS

I. Administrative Practices and Procedures

It is recommended that a surety bond be obtained for the treasurer of school monies in the amount required by the New Jersey Administrative Code.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Formal written request, signed by the respective employee, be delivered to the District in-person for changes to employees banking information for direct deposit purposes.
- * 2. The District update its position control roster to be in agreement with the District's budget and payroll accounting records in accordance with N.J.A.C. 6A:23A-6.8.

III. School Purchasing Program

It is recommended that:

- * 1. Contract awards for professional services which exceed the bid threshold on specific projects be approved by Board resolution and made part of the official minutes.
2. Contracts awarded and purchases made through a state contract or cooperative purchasing agreement which exceed the bid threshold be approved by Board resolution and made part of the official minutes.
- * 3. Procedures be enhanced to ensure Board approved professional service contract awards are subsequently published in the District's official newspaper as required by the Public School Contracts Law.

IV. School Food Services

It is recommended that monies collected be deposited within 48 hours of receipt.

V. Preschool Program

There are none.

VI. Student Body Activities

It is recommended that:

- * 1. Uniform deposit accounting forms and pre-numbered receipt tickets be utilized for all monies collected in all the District's student activity accounts.
- * 2. Financial transactions accounted for in the Elementary and High School student activity accounts be only for student related type activities.

**LYNDHURST BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

RECOMMENDATIONS

VII. Application for State School Aid

There are none.

VIII. Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that:

- * 1. The District maintain detailed accounting records to support capital assets for land and building/building improvements and related depreciation reported in the District's financial statements.
- * 2. The District review its machinery and equipment inventory and make appropriate adjustments for assets valued below the capitalization threshold.

X. Status of Prior Years' Audit Findings/Recommendations

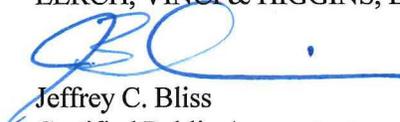
A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings, except the recommendations denoted by an asterisk.

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
Certified Public Accountant
Public School Accountant