

**LYNDHURST BOARD OF EDUCATION
SYNOPSIS OF AUDIT
FOR THE YEAR ENDED
JUNE 30, 2018**

LYNDHURST BOARD OF EDUCATION RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. 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.
- 2. Receipt of goods and payment approval signatures be obtained on all purchase orders prior to payment.
- 3. Internal control procedures be revised to ensure interfund loans from the Summer Savings account are prohibited.
- 4. Pension reports be filed with the State of New Jersey for the fiscal year 2017 retroactive salaries paid in fiscal year 2018.
- 5. Internal control procedures be revised to ensure employee health benefit contributions are calculated based on current premium rates
- 6. Payroll registers be certified by the Superintendent, Board President and Board Secretary in accordance with N.J.S.A 18A:19-4.1.
- 7. 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.
- 8. The District review employee's enrollment eligibility in the State of New Jersey pension systems to ensure employees are properly enrolled.
- 9. Internal control procedures be reviewed and revised to ensure expenditures are recorded in the year they are incurred and become due and payable.
- 10. Monthly Board Secretary and Treasurer reports be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.
- * 11. The District develop, approve and implement a corrective action plan to eliminate the general operating deficit at year end and to ensure internal control procedures are in place to prevent operating deficits and overexpenditures from occurring in future years.
- 12. The modified project budget be in agreement with the prior year available project balance and all required budget accounts be set-up in the accounting system for the 2016 referendum project in the Capital Projects Fund.
- 13. Internal control procedures be enhanced to ensure professional service contract awards and amounts be approved by Board action and contracts encumbered in the accounting records through the issuance of a purchase order in the Capital Projects Fund.

LYNDHURST BOARD OF EDUCATION RECOMMENDATIONS

II. Financial Planning, Accounting and Reporting (continued)

14. With respect to travel expense reimbursements, the District adhere to Board policy to ensure:
 - o Purpose and relevance statements are attached to travel reimbursement requests or purchase orders.
 - o All travel events and attendees be pre-approved by Board resolution as required.
15. Internal control procedures be revised to ensure IDEA grant expenditures requested for reimbursement are paid within the liquidation period required under the grant program.

III. School Purchasing Program

It is recommended that:

1. Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
2. Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards and purchases that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).
3. Board resolutions for contract awards include the contract amount or a not to exceed amount in accordance with Public School Contracts Law.
4. Political contribution disclosure forms and business registration certificates be obtained from vendors and maintained on file as required.
5. Procedures be enhanced to ensure professional service contract awards are publicly advertised as required by N.J.S.A. 18A:18A-5(a)(1).
6. Formal written contracts for professional or consulting services be on file and made available for audit.

IV. School Food Services

It is recommended that daily transactions (sales) reports be in agreement with monthly sales reports. In addition, all monthly sales reports be retained and made available for audit.

LYNDHURST BOARD OF EDUCATION RECOMMENDATIONS

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. Deposits be supported by a list detailing students and amounts paid, where applicable, for the Elementary and High School student activity accounts.
3. Greater safeguards be implemented to ensure only the Treasurer has access to monies collected and held for deposit to the student activity accounts.
4. Financial transactions accounted for in the Elementary and High School student activity accounts be only for student related type activities.
5. The required approval signatures on voucher request forms and supporting documentation be obtained prior to the issuance of checks from the Elementary School student account.

VII. Application for State School Aid

There are none.

VIII. Transportation

It is recommended that internal control procedures be revised to ensure students included in the DRTRS are eligible to be reported and are properly classified.

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.

**LYNDHURST BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 51	\$ 4,752	\$ 10,299,200		\$ 10,304,003
Intergovernmental Receivables	92,301	131,607			223,908
Other Accounts Receivables	1,392				1,392
Due from Other Funds	30,909	601,142	-	\$ 45,650	677,701
Total Assets	<u>\$ 124,653</u>	<u>\$ 737,501</u>	<u>\$ 10,299,200</u>	<u>\$ 45,650</u>	<u>\$ 11,207,004</u>
LIABILITIES					
Liabilities					
Accounts Payable	\$ 3,502,149	\$ 691,134	\$ 41,521		\$ 4,234,804
Accrued Salaries and Wages	28,331				28,331
Compensated Absences Payable	117,362				117,362
Payable to State Government		46,367			46,367
Due to Other Funds	631,142		76,559		707,701
Other Current Liabilities	51				51
Loans Payable	121,932				121,932
Notes Payable	-	-	12,000,000	-	12,000,000
Total Liabilities	<u>4,400,967</u>	<u>737,501</u>	<u>12,118,080</u>	<u>-</u>	<u>17,256,548</u>
FUND BALANCES (DEFICITS)					
Fund Balances (Deficits)					
Restricted					
Legally Restricted - Disallowed Grant Costs	301,224				301,224
Debt Service				\$ 45,650	45,650
Assigned					
Year End Encumbrances	350,233				350,233
Unassigned Budgetary (Deficit)	(4,470,851)	-	(1,818,880)	-	(6,289,731)
Total Fund Balances (Deficits) - Budgetary Basis	<u>(3,819,394)</u>	<u>-</u>	<u>(1,818,880)</u>	<u>45,650</u>	<u>(5,592,624)</u>
Reconciliation to GAAP Basis					
Less State Aid Revenue Not Recognized on GAAP Basis	(456,920)	-	-	-	(456,920)
Total Fund Balances (Deficits) - GAAP Basis	<u>(4,276,314)</u>	<u>-</u>	<u>(1,818,880)</u>	<u>45,650</u>	<u>(6,049,544)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 124,653</u>	<u>\$ 737,501</u>	<u>\$ 10,299,200</u>	<u>\$ 45,650</u>	<u>\$ 11,207,004</u>

LYNDHURST BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 36,860,579			\$ 640,223	\$ 37,500,802
Tuition	40,171				40,171
Transportation Fees	72,858				72,858
Interest	23,623		\$ 34,599		58,222
Miscellaneous - Unrestricted	75,510	-	-	-	75,510
Total - Local Sources	37,072,741	-	34,599	640,223	37,747,563
State Sources	7,840,348	\$ 201,124			8,041,472
Federal Sources	56,350	1,071,597	-	-	1,127,947
Total Revenues	44,969,439	1,272,721	34,599	640,223	46,916,982
EXPENDITURES					
Current					
Instruction					
Regular Instruction	19,343,967	331,224			19,675,191
Special Education Instruction	7,543,878	609,795			8,153,673
Other Instruction	1,184,733	13,270			1,198,003
School-Sponsored Activities and Athletics	1,030,173				1,030,173
Support Services					
Student and Instruction Related Services	6,363,375	318,432			6,681,807
General Administrative Services	1,254,322				1,254,322
School Administrative Services	2,755,784				2,755,784
Central and Other Support Service	1,036,303				1,036,303
Plant Operations and Maintenance	4,202,357				4,202,357
Student Transportation	1,172,226				1,172,226
Debt Service					
Principal				565,000	565,000
Interest and Other Charges	7,450			75,223	82,673
Capital Outlay	-	-	1,126,220	-	1,126,220
Total Expenditures	45,894,568	1,272,721	1,126,220	640,223	48,933,732
Excess (Deficiency) of Revenues Over (Under) Expenditures	(925,129)	-	(1,091,621)	-	(2,016,750)
OTHER FINANCING SOURCES (USES)					
Premiums on Notes			49,660		49,660
Transfers In	38,609			45,650	84,259
Transfers Out	(542,315)	-	(84,259)	-	(626,574)
Total Other Financing Sources and Uses	(503,706)	-	(34,599)	45,650	(492,655)
Net Change in Fund Balances	(1,428,835)	-	(1,126,220)	45,650	(2,509,405)
Fund Balance (Deficits); Beginning of Year (Restated)	(2,847,479)	-	(692,660)	-	(3,540,139)
Fund Balance (Deficits), End of Year	\$ (4,276,314)	\$ -	\$ (1,818,880)	\$ 45,650	\$ (6,049,544)