

**RAMAPO INDIAN HILLS
REGIONAL HIGH SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
Ramapo Indian Hills Regional High School District
Oakland, 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 Ramapo Indian Hills Regional High School District as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated November 11, 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 Trustees, 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
Certified Public Accountants
Public School Accountants

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 11, 2019

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
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 Moneys, 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 (Exhibit J-20) of 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> |
|-----------------|--|---------------|
| Frank Ceurvels | Board Secretary/School Business Administrator | \$300,000 |
| Joseph Amatuzzi | Treasurer of School Monies | 300,000 |

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$1,000,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District was not required to make an 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 indicated that the required signatures and certifications were obtained on the respective purchase orders and/or vouchers.

Payroll Account

The net salaries of all employees of the District 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 and the Board Secretary/School Business Administrator and approved by the Chief School Administrator.

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

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

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

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.

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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

Board Secretary's Records

The financial records, books of account and minutes were maintained by the School Business Administrator.

Acknowledgment of the District's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

The prescribed contractual order system was followed.

Treasurer's Records

The Treasurer's June 30, 2019 report was in agreement with the records of the Board Secretary.

Elementary and Secondary 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 Title I, Title IIa and Title IV of the Elementary and Secondary Education Act as amended.

Our examination indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

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 indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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

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.

There was no TPAF employees' contractual salaries paid from federal funds during the current fiscal year. Therefore, there were no reimbursement amounts due to the State at June 30, 2019.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of school funds, not included within the terms of N.J.S.A. 18A:18A-3, shall be made and awarded only by the board of education after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A. 18A:18A-3 except by contract or agreement".

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 currently \$19,000. The Board has designated the school business administrator/board secretary as the Qualified Purchasing Agent.

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
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 no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as amended.

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

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

School Food Service

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as food, labor and other costs. 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 appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The District contracted with Aramark, Inc. ("FSMC") to manage the operations of the school food services and deposited funds in accordance with applicable state statutes. Provisions of the food service management contract/addendum were reviewed. The contract includes an operating results provision in which FSMC agrees to reimburse the District for the amount, if any, by which the District's surplus is less than the projected surplus for the current year up to the amount of the FSMC's management fee.

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Student Activity, Athletic Association and Scholarship Accounts

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

Cash receipts and disbursements records were maintained for student activity and athletic accounts.

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 disabled, related services, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exceptions noted. The information that was included on the workpapers was verified without exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 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 exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures 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

Our procedures included a review of the SDA grant agreement for consistence with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Suggestions to Management

The District should ensure that the payroll software is updated to reflect adjustments to employee health benefit contributions for any employee whose status changes from being a 10 month employee to a 12 month employee.

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018

| | 2019-20 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 Registers 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 | | | | |
| Nine | 486 | 1 | 486 | 1 | - | - | 210 | - | 210 | - | - | - | | | | |
| Ten | 499 | 1 | 499 | 1 | - | - | 290 | - | 290 | - | - | - | | | | |
| Eleven | 450 | - | 450 | - | - | - | 249 | - | 249 | - | - | - | | | | |
| Twelve | 490 | 1 | 490 | 1 | - | - | 246 | - | 246 | - | - | - | | | | |
| Subtotal | 1,925 | 3 | 1,925 | 3 | - | - | 995 | - | 995 | - | - | - | - | - | - | - |
| Special Ed - High School | 354 | 1 | 354 | 1 | - | - | 60 | - | 60 | - | - | - | 30 | 23 | 23 | - |
| Totals | <u>2,279</u> | <u>4</u> | <u>2,279</u> | <u>4</u> | <u>-</u> | <u>-</u> | <u>1,055</u> | <u>-</u> | <u>1,055</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>30</u> | <u>23</u> | <u>23</u> | <u>-</u> |
| Percentage Error | | | | | <u>0.00%</u> | <u>0.00%</u> | | | | | <u>0.00%</u> | <u>0.00%</u> | | | | <u>0.00%</u> |

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

| | <u>Resident Low Income</u> | | | <u>Sample for Verification</u> | | | <u>Resident LEP Low Income</u> | | | <u>Sample for Verification</u> | | |
|-------------------|---|---|---------------|--|---|--------------------------|---|---|---------------|--|--|--------------------------|
| | <u>Reported on A.S.S.A. as Low Income</u> | <u>Reported on Workpapers as Low Income</u> | <u>Errors</u> | <u>Sample Selected from Workpapers</u> | <u>Verified to Application and Register</u> | <u>Sample Errors</u> | <u>Reported on A.S.S.A. as LEP low Income</u> | <u>Reported on Workpapers as LEP low Income</u> | <u>Errors</u> | <u>Sample Selected from Workpapers</u> | <u>Verified to Test Score and Register</u> | <u>Sample Errors</u> |
| Nine | 8.0 | 8.0 | - | 6.0 | 6.0 | - | 3.0 | 3.0 | - | 3.0 | 3.0 | - |
| Ten | 8.5 | 8.5 | - | 6.0 | 6.0 | - | 4.0 | 4.0 | - | 4.0 | 4.0 | - |
| Eleven | 3.0 | 3.0 | - | 2.0 | 2.0 | - | 1.0 | 1.0 | - | 1.0 | 1.0 | - |
| Twelve | 4.0 | 4.0 | - | 3.0 | 3.0 | - | - | - | - | - | - | - |
| Subtotal | 23.5 | 23.5 | - | 17.0 | 17.0 | - | 8.0 | 8.0 | - | 8.0 | 8.0 | - |
| Special Ed - High | 14.0 | 14.0 | - | 11.0 | 11.0 | - | 3.0 | 3.0 | - | 3.0 | 3.0 | - |
| Totals | <u>37.5</u> | <u>37.5</u> | <u>-</u> | <u>28.0</u> | <u>28.0</u> | <u>-</u> | <u>11.0</u> | <u>11.0</u> | <u>-</u> | <u>11.0</u> | <u>11.0</u> | <u>-</u> |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> | | | <u>0.00%</u> | | | <u>0.00%</u> |

| | <u>Transportation</u> | | | | | |
|----------------------------------|--|--|---------------|---------------|-----------------|---------------|
| | <u>Reported on DRTRS by DOE/county</u> | <u>Reported on DRTRS by District</u> | <u>Errors</u> | <u>Tested</u> | <u>Verified</u> | <u>Errors</u> |
| Reg. - Public Schools, col. 1 | 1,043.5 | 1,043.5 | - | 51.0 | 51.0 | - |
| Reg -SpEd, col. 4 | 160.5 | 160.5 | - | 8.0 | 8.0 | - |
| Transported - Non-Public, col. 3 | 161.5 | 161.5 | - | 8.0 | 8.0 | - |
| Special Ed Spec, col. 6 | 35.5 | 35.5 | - | 2.0 | 2.0 | - |
| Totals | <u>1,401.0</u> | <u>1,401.0</u> | <u>-</u> | <u>69.0</u> | <u>69.0</u> | <u>-</u> |
| Percentage Error | | | | | <u>0.00%</u> | |

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

| | <u>Resident LEP NOT Low Income</u> | | | <u>Sample for Verification</u> | | |
|-------------------|---|---|---------------|--|---|--------------------------|
| | <u>Reported on A.S.S.A. as NOT Low Income</u> | <u>Reported on Workpapers as NOT Low Income</u> | <u>Errors</u> | <u>Sample Selected from Workpapers</u> | <u>Verified to Application and Register</u> | <u>Sample Errors</u> |
| Nine | 2.0 | 2.0 | - | 2.0 | 2.0 | - |
| Ten | 1.0 | 1.0 | - | 1.0 | 1.0 | - |
| Eleven | - | - | - | - | - | - |
| Twelve | - | - | - | - | - | - |
| Subtotal | 3.0 | 3.0 | - | 3.0 | 3.0 | - |
| Special Ed - High | - | - | - | - | - | - |
| Totals | <u>3.0</u> | <u>3.0</u> | <u>-</u> | <u>3.0</u> | <u>3.0</u> | <u>-</u> |
| Percentage Error | | | <u>0.00%</u> | | | 0.00% |

**RAMAPO INDIAN HILLS REGIONAL HIGH SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | | |
|--|---------------------|--------------------|
| 2018-19 Total General Fund Expenditures per the CAFR | \$56,629,138 | |
| Increased by: | | |
| Transfer from Capital Outlay/Reserve to Capital Projects Fund | <u>5,020,000</u> | |
| | | 61,649,138 |
| Decreased by: | | |
| On-Behalf TPAF Pension & Social Security | <u>6,786,811</u> | |
| Adjusted 2018-19 General Fund Expenditures | <u>\$54,862,327</u> | |
| 2% of Adjusted 2018-19 General Fund Expenditures | \$1,097,247 | |
| Increased by Allowable Adjustments | | |
| Extraordinary Aid | 404,655 | |
| Additional Nonpublic School Transportation Aid | <u>54,127</u> | |
| Maximum Unassigned Fund Balance | | \$1,556,029 |
| | | |
| Total General Fund – Fund Balance (Budgetary Basis) at June 30, 2019 | \$24,064,889 | |
| Decreased by: | | |
| Encumbrances | \$ 944,571 | |
| Excess Surplus – Designated for Subsequent Year’s Budget | 1,000,000 | |
| Other Restricted Fund Balance | | |
| Emergency Reserve | 490,487 | |
| Capital Reserve | 14,854,181 | |
| Maintenance Reserve | 4,218,988 | |
| Assigned Fund Balance – Designated for Subsequent Year’s Budget | <u>633</u> | |
| | | <u>21,508,860</u> |
| Total Unassigned Fund Balance | | <u>\$2,556,029</u> |
| Fund Balance – Excess Surplus | | <u>\$1,000,000</u> |
| | | |
| <u>Recapitulation of Excess Surplus as of June 30, 2019</u> | | |
| Excess Surplus – Designated for Subsequent Year’s Budget | | \$1,000,000 |
| Excess Surplus | | <u>1,000,000</u> |
| | | <u>\$2,000,000</u> |

RECOMMENDATIONS

I. **Administrative Practices and Procedures**

There are none.

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

There are none.

III. **School Purchasing Program**

There are none.

IV. **School Food Services**

There are none.

V. **Student Body Activities/Athletic Account**

There are none.

VI. **Application for State School Aid**

There are none.

VII. **Pupil Transportation**

There are none.

VIII. **Miscellaneous**

There are none.

IX. **Facilities and Capital Assets**

There are none.

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

Corrective action was taken on the prior year recommendation.

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



Gary J. Vinci
Certified Public Accountant
Public School Accountant