

Auditor's Management Report

for the

*Township of Green Brook
School District*

in the

*County of Somerset
New Jersey*

for the

*Fiscal Year Ended
June 30, 2020*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

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SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Green Brook School District
County of Somerset
Green Brook, New Jersey 08812

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of Green Brook School District in the County of Somerset for the year ended June 30, 2020, and have issued our report dated December 21, 2020.

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

This report is intended solely for the information of the Township of Green Brook School District, County of Somerset, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 31, 2020

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

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 Township of Green Brook Board of Education, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

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

Insurance coverage was carried in the amounts as detailed in the District's CAFR (See Exhibit "J-20").

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
Raymond Murray	Treasurer of School Monies	\$225,000.00
Stephen Fried	Board Secretary/Business Administrator	\$225,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

Our audit of the districts practices and procedures also included:

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Payroll Account

The salaries of all employees of the Board and the Board's required payroll contributions were deposited in the net payroll and payroll agencies account as applicable.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability (Current) for Accounts Payable

A review of outstanding purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The records maintained by the Board Secretary were in satisfactory condition and appropriate balances matched to those prepared by the Treasurer of School Monies

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and independently maintained from the Board Secretary/Board Administrator.

Elementary and Secondary Education Act (E.S.E.A.) as Amended by 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 and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B 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.

T.P.A.F. Reimbursement

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

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Reports for all federal awards.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 States:

"a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$29,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) 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 \$40,000.00. 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.

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

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 solicitor'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.

SCHOOL FOOD SERVICE FUND

COVID-19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 virus, all Public, Charter, and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of eligible students.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

In addition, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL FOOD SERVICE FUND (CONTINUED)

The statement of revenues, expenses and charges in fund net position (CAFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts; and applicable financial records to document the specific costs applicable to the emergency operations.

STUDENT BODY ACTIVITIES

Student Activities and Athletics Accounts

A cash receipts and disbursement record was maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2019 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 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 has adequate procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on-roll status reported in the 2019-2020 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES

Our procedures included review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

account and awarding of contracts for eligible facilities construction. No exceptions were noted.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

Our procedures included examination and interviews regarding the district's compliance with N.J.A.C. 26-1.2 and 12.4 relating to the testing for lead in drinking water. No exceptions were noted.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with Governmental Auditing Standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year's Findings/Recommendations

In accordance with Government Auditing Standards, our procedures included a review of status of prior year audit recommendations. All prior year findings have been corrected.

TOWNSHIP OF GREEN BROOK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	2020-21 Application for State School Aid				Sample for Verification				Private School for Handicapped					
	Reported on A.S.S.A. as on Roll Full	Shared Full	Reported on Workpapers on Roll Full	Shared Full	Errors Full	Shared Full	Sample Selected from Workpapers Full	Shared Full	Verified per Registers on Roll Full	Shared Full	Errors per Registers on Roll Full	Reported as Private Schools	Sample for Verification	Sample Errors
Half Day Pre-School	25		25				11		11					
Full Day Pre-School	45		45				21		21					
Full Day Kindergarten	61		61				21		21					
One	57		57				21		21					
Two	67		67				21		21					
Three	67		67				21		21					
Four	74		74				21		21					
Five	80		80				21		21					
Six	86		86				21		21					
Seven	85		85				21		21					
Eight	647		647				200		200					
Subtotal														
SpEd Elementary (PK-5)	65		65				16		16			5	4	4
SpEd Middle School (6-8)	55		55				16		16			3	3	3
SpEd High School	120		120				32		32			8	7	7
Subtotal														
Totals	767		767				232		232			8	7	7
Percentage														

TOWNSHIP OF GREEN BROOK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	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 and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-School												
Full Day Kindergarten												
One	5	5		4	4		2	2		2	2	
Two	3	3		2	2							
Three	2	2		2	2							
Four	8	8		6	6							
Five	3	3		2	2							
Six	3	3		3	3							
Seven	6	6		4	4		1	1		1	1	
Eight	5	5		3	3							
Nine	3	3		2	2							
Ten												
Eleven	2	2		2	2							
Twelve	1.5	1.5		1	1							
Subtotal	41.5	41.5		31	31		3	3		3	3	
SpEd Elementary	13	13		10	10		2	2		2	2	
SpEd Middle School	7	6	-1	6	6							
SpEd High School	5.5	5.5		3	3							
Subtotal	25.5	24.5	-1	19	19		2	2		2	2	
Totals	67.0	66	-1	50	50		5	5		5	5	
Percentage Error			-1.49%									

	Transportation		
	Reported on DRTS by DOE	Reported on DRTS by District	Errors
Reg Public Schools, col.1	609	609	
Nonpublic - AIL, col.3	61	61	
Reg. - SpEd, col.4	68.5	68.5	
Special Ed Spec, col.6	54.5	54.5	
Totals	793	793	
Percentage Error			

Reg Avg.(Mileage) = Regular Including Grade PK students (Part A) 4.8
 Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B) 4.8
 Spec Avg. = Special Ed with Special Needs 5.9

TOWNSHIP OF GREEN BROOK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School						
Full Day Pre-School						
Full Day Kindergarten						
One	1	1		1	1	1
Two	2	2		2	2	2
Three	1	1		1	1	1
Four	1	1		1	1	1
Five	1	1		1	1	1
Six						
Seven						
Eight						
Nine	4	4		2	2	2
Ten	2	2		2	2	2
Eleven	1	1		1	1	1
Twelve						
Subtotal	14	14		12	12	
SpEd Elementary						
SpEd Middle School						
SpEd High School						
Subtotal						
Totals	14	14		12	12	
Percentage Error						

GREEN BROOK SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2019 - 2020 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 26,314,767.76	
Decreased by:		
On-Behalf TPAF Pension & Social Security	2,415,521.53	
Assets Acquired Under Capital Leases	42,965.65	
Adjusted 2019 - 2020 General Fund Expenditures	<u>23,856,280.58</u>	\$ 23,856,280.58
2% of Adjusted 2019 - 2020 General Fund Expenditures		\$ 477,125.61
Greater of Line Above or \$250,000.00		\$ 477,125.61
Increased by: Allowable Adjustment		\$ 197,439.00
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 674,564.61</u>

SECTION 2

Total General Fund - Fund Balances @ 6-30-2020	\$ 4,491,559.14	
Decreased by:		
Year-End Encumbrances	70,470.21	
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	350,000.00	
Other Restricted Fund Balances	<u>3,046,524.32</u>	
Total Unassigned Fund Balance		\$ 1,024,564.61

SECTION 3

Restricted Fund Balance-Excess Surplus	<u>\$ 350,000.00</u>
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Recapitulation of Excess Surplus as of June 30, 2020

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 350,000.00
Restricted Excess Surplus	<u>\$ 350,000.00</u>
Total Excess Surplus	<u>\$ 700,000.00</u>

Detail of Allowable Adjustments

Extraordinary Aid	<u>\$ 197,439.00</u>
	<u>\$ 197,439.00</u>

Detail of Other Restricted Fund Balance:

Capital Reserve	\$ 2,327,774.32
Tuition Reserve	400,000.00
Maintenance Reserve	<u>318,750.00</u>
	<u>\$ 3,046,524.32</u>

