

**MINE HILL TOWNSHIP BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**MINE HILL TOWNSHIP BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Mine Hill Township Board of Education
Mine Hill, 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 Mine Hill Township Board of Education as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated February 3, 2021

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
Certified Public Accountants
Public School Accountants

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 3, 2021

**MINE HILL TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary, 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 the Schedule of Insurance reported on Exhibit J-20 in the District's Comprehensive Annual Financial Report (CAFR).

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Carolina Rodriguez	School Business Administrator/ Board Secretary	\$195,000
Lisa Palmieri	Treasurer of School Monies	185,000

There is a Public Employees' Dishonesty Insurance Coverage covering all other employees with \$500,000 per loss.

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 each of signature certification 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 approved by the Board President and the Board Secretary/Business Administrator.

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

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.

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

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.

**MINE HILL TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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:23-8.3. As a result of the procedures performed 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 were maintained by the Board Secretary.

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

Bids were summarized in the minutes of the Board Secretary.

The Capital Asset records were updated for the additions and disposals of capital assets made during the year.

Treasurer's Records

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Trust/Fiduciary Fund.

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 and II of the Elementary and Secondary Education Act.

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.

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

Teacher's Pension and Annuity Fund

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

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 prior to the end of the 90 day grant liquidation period required by the Offices of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**MINE HILL TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) 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 transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The Board appointed the Business Administrator/Board Secretary as the District's qualified purchasing agent.

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 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.

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.

Food Service Fund

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, 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 Free and Reduced Price 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 Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The school food service program was not selected as a major federal and/or State program and the program expenditures did not exceed \$100,000 in federal and/or state support.

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 cost applicable to the emergency operations.

**MINE HILL TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Food Service Fund (Continued)

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

The District utilizes Maschio's Food Services, Inc. as its 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 and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will breakeven. The operating results provision has been met.

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.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included on Exhibits B-4, B-5 and B-6 of the District's CAFR.

Finding – The June 30, 2020 net cash resources exceeded the three month average of food service expenses.

Recommendation – The District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources do not exceed the three month average expenses.

Student Body Activities

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

Cash receipts and disbursement records were maintained in good condition.

Supporting documentation was maintained for all cash disbursements tested.

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, related services bilingual 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 with minor exceptions. The information that was included on the workpapers was verified with minor exceptions. 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 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. No exceptions were noted in our review of transportation related purchases of goods and services.

**MINE HILL TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Suggestions to Management

- All General Fund miscellaneous receipts be identified by source and description within the District's accounting system.

**MINE HILL TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Not Applicable
The District is not subject to a Federal Single Audit**

**FOOD SERVICE ENTERPRISE FUND
SCHEDULE OF NET CASH RESOURCES – FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	38,599
Due from Other Governments		10,902
Accounts Receivable		261

Current Liabilities

Less Accounts Payable		(341)
Less Deferred Revenue		(4,727)

Net Cash Resources	\$	44,694
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Adjusted Total Operating Expenses:

Total Operating Expenses	\$	125,713
Less Depreciation Expense		(231)

Adjusted Total Operating Expenses	\$	125,482
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<u>Average Monthly Operating Expense:</u>	\$	12,548
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<u>Three Times Monthly Average:</u>	\$	37,645
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Total Net Cash Resources	\$	44,694
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Three Times Monthly Average		37,645
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Amount Above Allowable Net Cash Resources	\$	7,049
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MINE HILL TOWNSHIP BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 SCHEDULE OF AUDITED ENROLLMENTS
 OCTOBER 15, 2019

	2020-21 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		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on Workpapers 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 - 4 years					-													
Full Day Preschool - 4 years	12		12		-			12		12								
Full Day Kindergarten	36		36		-			36		36								
1st Grade	48		48		-			48		48								
2nd Grade	55		57		(2)			57		57								
3rd Grade	43		43		-			43		43								
4th Grade	33		34		(1)			34		34								
5th Grade	40		40		-			40		40								
6th Grade	41		42		(1)			42		42								
Subtotal	308	-	312	-	(4)	-		312	-	312	-	-	-	-	-	-	-	-
Spec Ed - Elementary	23		19		4			19		19				1	1	1	1	-
Spec Ed - Middle School	5		5		-			5		5								-
Spec Ed - High School					-									4	4	3	3	-
Subtotal	28	-	24	-	4	-		24	-	24	-	-	-	5	5	4	4	-
Totals	336	-	336	-	-	-		336	-	336	-	-	-	5	5	4	4	-
Percentage Error					<u><u>0.00%</u></u>													<u><u>0.00%</u></u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	8	8	-	1	1	-			-			-
1st Grade	17	17	-	3	2	1	1	1	-	1	1	-
2nd Grade	16	16	-	2	2	-	3	3	-	2	2	-
3rd Grade	12	12	-	2	2	-	1	1	-	1	1	-
4th Grade	10	10	-	2	2	-			-			-
5th Grade	9	9	-	1	1	-			-			-
6th Grade	14	14	-	2	2	-	3	3	-	2	2	-
7th Grade	9	9	-	1	1	-	2	2	-	2	2	-
8th Grade	3	3	-	1	1	-			-			-
9th Grade	4	4	-	1	1	-	1	1	-	1	1	-
10th Grade	9	9	-	1	1	-	2	2	-	2	2	-
11th Grade	9.5	9.5	-	1	1	-	2	2	-	2	2	-
12th Grade	3	3	-	1	1	-			-			-
Subtotal	<u>123.5</u>	<u>123.5</u>	-	<u>19</u>	<u>18</u>	<u>1</u>	<u>15</u>	<u>15</u>	-	<u>13</u>	<u>13</u>	-
Spec Ed - Elementary	17	17	-	3	3	-	1	1	-	1	1	-
Spec Ed - Middle School	3	3	-	1	1	-			-			-
Spec Ed - High School	7	7	-	1	1	-			-			-
Subtotal	<u>27</u>	<u>27</u>	-	<u>5</u>	<u>5</u>	-	<u>1</u>	<u>1</u>	-	<u>1</u>	<u>1</u>	-
Totals	<u>150.5</u>	<u>150.5</u>	-	<u>24</u>	<u>23</u>	<u>1</u>	<u>16</u>	<u>16</u>	-	<u>14</u>	<u>14</u>	-
Percentage Error		<u>0.00%</u>			<u>4.17%</u>			<u>0.00%</u>			<u>0.00%</u>	

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	182	182	-	46	46	-
Transported - Non-Public			-			-
Regular - Spec.	12	12	-	3	3	-
Special Needs - Public	14	15	(1)	4	4	-
Totals	<u>208</u>	<u>209</u>	<u>(1)</u>	<u>53</u>	<u>53</u>	-
		<u>-0.48%</u>			<u>0.00%</u>	

**MINE HILL TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2019**

	Resident LEP Not 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 Register	Sample Errors
Full Day Kindergarten			-			-
1st Grade	1	1	-	1	1	-
2nd Grade	1	1	-	1	1	-
3rd Grade	2	2	-	2	2	-
4th Grade			-			-
5th Grade			-			-
6th Grade			-			-
7th Grade			-			-
8th Grade			-			-
9th Grade			-			-
10th Grade	1	1	-	1	1	-
11th Grade	1	1	-	1	1	-
12th Grade	2	2	-	1	1	-
Subtotal	<u>8</u>	<u>8</u>	-	<u>7</u>	<u>7</u>	-
Spec Ed - Elementary			-			-
Spec Ed - Middle School			-			-
Spec Ed - High School			-			-
Subtotal	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-
Totals	<u>8</u>	<u>8</u>	-	<u>7</u>	<u>7</u>	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2019-2020 Total General Fund Budgetary Expenditures	\$	9,637,678
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		994,500
		10,632,178
Decreased by:		
Capital Assets Acquired Under Capital Lease		68,623
On-Behalf TPAF Pension & Social Security		905,010
		973,633
Adjusted 2019-2020 General Fund Expenditures	\$	9,658,545
2% of Adjusted 2019-2020 General Fund Expenditures	\$	193,171
Enter Greater of 2% of Adjusted 2019-2020 General Fund Expenditures or \$250,000	\$	250,000
Increased by Allowable Adjustments		
Extraordinary Aid		172,927
		422,927
Maximum Unassigned Fund Balance	\$	422,927
Total General Fund - Fund Balance (Budgetary Basis) at June 30, 2020	\$	4,664,026
Decreased by:		
Encumbrances		119,265
Capital Reserve		3,490,689
Maintenance Reserve		281,145
Emergency Reserve		250,000
		4,141,100
Total Unassigned Fund Balance		522,927
Restricted Fund Balance - Excess Surplus	\$	100,000

**MINE HILL TOWNSHIP BOARD OF EDUCATION
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

It is recommended that the District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources do not exceed the three months average expenses.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.