

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2021**

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

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# LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITORS MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
42 Canfield Avenue  
Mine Hill Township, New Jersey 07803

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, 2021, and have issued our report thereon dated February 7, 2022.

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 7, 2022

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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. The financial transactions of this fund are reported in the General Fund as a result of the implementation of GASB No. 84.

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.

**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, a sample of 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, 2021**

**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.

**Comment** – One (1) budget appropriation account was overexpended at June 30, 2021. This is a result of an audit adjustment; therefore, a recommendation is not warranted.

**Finding 2021-01** – The Board approved a withdrawal of \$20,536 from the Maintenance Reserve to fund emergency repairs; however, the District's budget was not modified to reflect this increase.

**Recommendation 2021-01** – It is recommended the District modify its Budget when the Board approves a withdrawal from a Reserve Account.

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 General Fund as a result of the implementation of GASB No. 84.

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.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Financial Planning, Accounting and Reporting (Continued)**

**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.

**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 \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600. The Board appointed the School 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**

**Public Health Emergency**

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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 eligible students during the period of school closures.

During SY 2020-2021 the public health emergency still existed. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Food Service Fund (Continued)**

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 students during the emergency.

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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also 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.

Non-program foods were not purchased, prepared, sold, or offered for sale.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan (the "PPP") and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. Exhibits reflecting Child Nutrition Program operations are included on Exhibits B-4, B-5 and B-6 of the District's CAFR.

Net cash resources did exceed three-months average expenditures.

**Finding 2021-02** – The June 30, 2021 net cash resources exceeded the three-month average of food service expenses.

**Recommendation 2021-02**– 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. The financial transactions of this fund are reported in the Special Revenue Fund as a result of the implementation of GASB No. 84.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2020 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 2020-2021 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, 2021**

**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**

- Budgeted withdrawals from Reserve Accounts or budgeted interfund transfers be recorded in the District's budget report.
- Consideration be given for the Board of Trustees to approve the cancellation of unexpended Capital Projects balances and their balances be returned to Capital Reserve.



**MINE HILL TOWNSHIP BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021**

**Net Cash Resources:**

**Current Assets**

Cash and Cash Equivalents	\$	38,619
Due from Other Governments		15,101
Accounts Receivable		87

**Current Liabilities**

Less Accounts Payable		(291)
Less Unearned Revenue		(4,207)

**Net Cash Resources**

	\$	49,309
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**Adjusted Total Operating Expenses:**

Total Operating Expenses	\$	138,769
Less Depreciation Expense		(231)

Adjusted Total Operating Expenses	\$	138,538
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**Average Monthly Operating Expense:**

	\$	13,854
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**Three Times Monthly Average:**

	\$	41,561
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Total Net Cash Resources	\$	49,309
Three Times Monthly Average		41,561
Amount Above Allowable Net Cash Resources	\$	7,748

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 SCHEDULE OF AUDITED ENROLLMENTS  
 OCTOBER 15, 2020

	2021-22 Application for State School Aid						Sample for Verification						Private Schools for Disabled					
	Reported on		Reported on		Errors		Sample		Reported on		Errors		Reported on	Reported on	Sample		Sample	Sample
	A.S.S.A.		Workpapers				Selected from		Workpapers				A.S.S.A. as	Workpapers	for			
	On Roll		On Roll		Full	Shared	Workpapers		On Roll		Private	Private	Verifi-	Sample	Sample			
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private	Private	cation	Verified	Errors		
Full Day Preschool - 4 years	23		23					23		22								
Full Day Kindergarten	38		38					38		37								
1st Grade	33		33					33		33								
2nd Grade	48		48					48		48								
3rd Grade	56		56					56		54								
4th Grade	42		42					42		42								
5th Grade	33		33					33		33								
6th Grade	38		38			-		38		38								
<b>Subtotal</b>	<b>311</b>	<b>-</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>	<b>-</b>	<b>307</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	25		25					22		22								
Spec Ed - Middle School	2		2					1		1								
<b>Subtotal</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Totals</b>	<b>338</b>	<b>-</b>	<b>338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334</b>	<b>-</b>	<b>330</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Percentage Error</b>						<u><u>0.00%</u></u>						<u><u>1.20%</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, 2020**

	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	9	9		3	3							
1st Grade	8	8		3	3							
2nd Grade	12	12		4	3	1						
3rd Grade	16	16		6	5	1	3	3		2	1	1
4th Grade	11	11		4	4		1	1		1	1	
5th Grade	9	9		3	3		-	-		-	-	
6th Grade	8	8		3	3		-	-		-	-	
7th Grade	7	7		3	3		1	1		1	1	
8th Grade	5	5		2	2		1	1		1	1	
9th Grade	3	3		1	-	1	-	-				
10th Grade	3	3		1	1		-	-				
11th Grade	7	7		3	3		1		1			
12th Grade	7	7	-	3	3	-	2	2	-	2	2	-
<b>Subtotal</b>	<b>105</b>	<b>105</b>	<b>-</b>	<b>39</b>	<b>36</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>1</b>
Spec Ed - Elementary	20.0	20.0		7	7							
Spec Ed - Middle School	2.0	2.0		1	1		1	1		1	1	
Spec Ed - High School	7.0	7.0	-	2	2	-			-			-
<b>Subtotal</b>	<b>29</b>	<b>29</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Totals</b>	<b>134.0</b>	<b>134.0</b>	<b>-</b>	<b>49</b>	<b>46</b>	<b>3</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>8</b>	<b>7</b>	<b>1</b>
Percentage Error		<u>0.00%</u>			<u>6.12%</u>			<u>10.00%</u>			<u>0.00%</u>	

**Transportation**

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	180	180		46	46	
Transported - Non-Public	-	-		-	-	
Regular - Spec.	13	13		4	4	
Special Needs - Public	12	12	-	3	3	-
<b>Totals</b>	<b>205</b>	<b>205</b>	<b>-</b>	<b>53</b>	<b>53</b>	<b>-</b>
		<u>0.00%</u>			<u>0.00%</u>	

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2020**

	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						
2nd Grade	2.0	2.0		2.0	2.0	
3rd Grade						
4th Grade	1.0	1.0		1.0	1.0	
5th Grade	1.0	1.0		1.0	1.0	
6th Grade						
7th Grade						
8th Grade						
9th Grade						
10th Grade						
11th Grade		1.0	(1)	1.0	1.0	
12th Grade	0.5	0.5	-	0.5	0.5	-
<b>Subtotal</b>	<b>4.5</b>	<b>5.5</b>	<b>(1)</b>	<b>5.5</b>	<b>5.5</b>	<b>-</b>
Spec Ed - Elementary						
Spec Ed - Middle School						
Spec Ed - High School			-			-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>4.5</b>	<b>5.5</b>	<b>(1)</b>	<b>5.5</b>	<b>5.5</b>	<b>-</b>
Percentage Error			<u><u>-22.22%</u></u>			<u><u>0.00%</u></u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2020-2021 Total General Fund Budgetary Expenditures	\$	9,906,089
Decreased by:		
On-Behalf TPAF Pension & Social Security		1,081,771
Adjusted 2020-2021 General Fund Expenditures	\$	8,824,318
4% of Adjusted 2020-2021 General Fund Expenditures	\$	352,973
Enter Greater of 4% of Adjusted 2020-2021 General Fund Expenditures or \$250,000	\$	352,973
Increased by Allowable Adjustments		
Extraordinary Aid		205,705
Non-Public Transportation Aid		2,610
Maximum Unassigned Fund Balance		\$ 561,288
Total General Fund - Fund Balance (Budgetary Basis) at June 30, 2021	\$	6,331,803
Decreased by:		
Encumbrances		897,327
Capital Reserve		3,985,884
Maintenance Reserve		260,609
Emergency Reserve		250,000
Excess Surplus - Designated for Subsequent Year's Expenditures		100,000
Unemployment Compensation		76,695
Total Unassigned Fund Balance		761,288
<b>Restricted Fund Balance - Excess Surplus</b>	<b>\$</b>	<b>200,000</b>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

1. It is recommended the District modify its Budget when the Board approves a withdrawal from a Reserve Account.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

- \* 2. 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 and corrective action was taken on all prior year recommendations except for the item denoted with 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.