

**HOPATCONG BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**HOPATCONG BOARD OF EDUCATION  
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<b><u>Page No.</u></b>
Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	5
School Food Service	5-6
Transportation Services Program	6
Day Plus Program	6
Student Body Activity	7
Application for State School Aid	7
Pupil Transportation	8
Facilities and Capital Assets	8
Testing for Lead of all Drinking Water in Educational Facilities	8
Suggestions to Management	8
Schedule of Meal County Activity - Not Applicable	9
Schedule of Net Cash Resources – (Food Services Fund)	10
Schedule of Audited Enrollments	11-13
Excess Surplus Calculation	14
Recommendations	15-16
Acknowledgement	16



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

## AUDITOR'S MANAGEMENT REPORT

Honorable President and  
Members of the Board of Trustees  
Hopatcong Board of Education  
Hopatcong, 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 Hopatcong Board of Education in the County of Sussex as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 22, 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.

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  
January 22, 2019

**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Scope of Audit**

The audit covered the financial transactions of the Business Administrator/Board Secretary and Treasurer of School Monies, 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 Schedule of Insurance contained in the Statistical Section of the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Carolyn Joseph	Business Administrator/ Board Secretary	300,000
William Stepka	Treasurer of School Monies	300,000

There is a Blanket Dishonesty Bond with the School Package Policy – School Alliance Insurance Fund covering all other employees with multiple coverage of \$500,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made.

**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.

**Finding** – Our audit revealed that, in certain instances, goods and/or services were ordered prior to the issuance of an approved purchase order.

**Recommendation** – Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.

**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 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.

**Payroll/Personnel**

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 Superintendent and were certified by the Business Administrator/Board Secretary, and the Chief School Administrator.

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

**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Employee Position Control Roster

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 to determine that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were received for propriety and to determine that goods were received and services were rendered, as of June 30.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were reviewed.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgement of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes. The monthly certification of the availability of line item appropriations and fund balances were also approved.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

**Finding (CAFR Finding 2018-001)** – Our audit of the District's year end bank reconciliation balances revealed the following cash balances were in an overdraft position at June 30, 2018:

- Transportation Services Enterprise Fund - \$4,594,616
- Food Service Enterprise fund - \$17,333
- Payroll Agency Fund - Net Payroll Account - \$3,250
- Student Activity Fund - Athletic Account - \$3,566

**Recommended** – Internal controls be enhanced to ensure cash balances are monitored to prevent cash overdrafts from occurring.

All cash receipts were promptly deposited.

**Finding (CAFR Finding 2018-002)** – Our audit of the Treasurer's Report and bank reconciliations revealed the following:

- There were reconciling items on certain bank reconciliations that were deemed to be invalid.
- There were instances of checks being issued out of sequence.
- There were instances of checks issued and being held by the District until the vendor provides all of the supporting documentation.

**Recommendation** – The various bank reconciliations on the Treasurer's report contain only valid reconciling items.

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 Expendable Trust Fund.

**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, II and IV of the Elementary and Secondary Education Act, as amended.

The audit 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 audit 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. 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.

T.P.A.F Reimbursement

**Finding (CAFR Finding 2018-004)** - The reimbursement to the State for the amount of the expenditures charged to the current year's Final Report(s) 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 required by the Office of Grants Management and also subsequent to the 90 days required by *N.J.S.A.* 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

**Recommendation:** The district should adopt internal control procedures designed to ensure that reimbursement of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are properly reported in the current year's Final Reports for all federal awards and are encouraged to remit payment within the 60 day grant liquidation period and/or certainly within the statutory 90 day liquidation period.

**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2015 and thereafter, 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 as the qualified purchasing agent and has elected to set the bid threshold at \$36,000.

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.

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.

**Finding (CAFR Finding 2018-003)** – Our audit noted there were seven instances where the District was unable to provide proof that quotes were obtained.

**Recommendation** –Quotations be obtained whenever a purchase exceeds the limit set forth by the Public School Contracts Law.

**School Food Service**

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.

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.

The Statement of Revenues, Expenses and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The financial transactions and statistical records of the school food services were maintained in good condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposits.

**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**School Food Service (Continued)**

The district utilized a 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 included an operating results provision which guarantees that the food service program will have no cost/break even. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records, as detailed on the Schedule of Meal Activity.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenses 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 disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenses.

Exhibits reflecting Child Nutrition Program operations are included in the section of the CAFR entitled Enterprise Funds as Exhibits B-4, B-5 and B-6.

**Transportation Services Program**

The financial records of the Transportation Services Program were maintained in good condition.

**Finding** – Our audit of claims of the Transportation Services program revealed a number of purchase orders did not contain a receipt of goods signature. In addition, payment approval signature was not obtained on purchase order in all instances.

**Recommendation** – Receipt of goods and payment approval signatures be obtained on all purchase orders of the Transportation Services program prior to payment.

**Day Plus Program**

The financial records of the Day Plus Program were maintained in good condition.



**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Student Body Activity**

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

**Findings** – Our audit of the Student Activity Funds revealed the following:

- High School
  - Numerous reimbursements were made to individuals.
  - The year-end bank account reconciliation contained invalid reconciling items.
  - There was no supporting documentation provided for any receipts deposited during 2017/18.
  - Scholarships are being awarded through the student activity account for which there does not appear to be supporting documentation to confirm there are funds on hand to award such scholarships. In addition, these transactions should not be processed through the student activity fund.
  - There were two instances where checks contained only one authorization signature.
  
- Athletic Account
  - The account was not being reconciled on a monthly basis.
  - There was no supporting documentation provided for any gate receipts received during 2017/18.
  - Prenumbered receipts are not utilized.
  - Several outstanding checks are greater than one year old and should be reviewed and cleared of record.
  - There are several expenses for fundraising that have no supporting evidence that the revenue generated from such fundraising matches the cost of the event.
  - Certain checks contained only one signature.

**Recommendation:**

- The athletic account should be reconciled on a monthly basis.
- Proper supporting documentation for all student activity receipts should be maintained and available for audit.
- Prenumbered receipts should be utilized for all accounts and include the proper composition of the deposit (checks vs. cash)
- All checks issued should contain at least two authorization signatures.
- Outstanding checks should be reviewed and cleared of record.
- Bank reconciliations contain only valid reconciling items.
- Scholarships awarded should have sufficient funding available and should not be processed through the student activity funds.
- Efforts be made to limit the reimbursements paid to individuals.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, 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 District workpapers without exceptions. The information 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 written procedures for the recording of student enrollment data.

**HOPATCONG BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2017-2018 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. The information was verified to the District records without exception.

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.

**Facilities and Capital Assets**

**Finding** – Our audit of the capital assets revealed the following:

- Current year additions for certain construction projects and equipment were not added to the capital asset inventory report.
- The new capital asset inventory report did not contain numerous vehicles of Transportation Services program.

The financial statements have been modified to reflect these items.

**Recommendation** – All current year additions and assets acquired in previous years be properly reflected in the District's capital asset inventory.

**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**

The Board should consider adopting a written policy regarding the use of store procurement cards.

The District prepare a memo formally documenting controls regarding legal costs as they relate to the state-wide average per pupil.

The Board should monitor the unreserved fund balance of the Food Service Enterprise Fund to ensure it remains in a positive net position.

**HOPATCONG BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE**

**HOPATCONG BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

		Food Service	
<b><u>Net Cash Resources:</u></b>			
<b>CAFR</b>	<b>*</b>	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	(17,333)
B-4		Due from Other Gov'ts	20,512
B-4		Accounts Receivable	-
B-4		Investments	-
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	-
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	<u>(6,452)</u>
		<b>Net Cash Resources</b>	<b><u>(3,273)</u> (A)</b>

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	620,991	
B-5	Less Depreciation	<u>(13,965)</u>	
	Adj. Tot. Oper. Exp.	<b><u>607,026</u></b>	<b>(B)</b>

**Average Monthly Operating Expense:**

B / 10	<u>60,703</u>	<b>(C)</b>
--------	---------------	------------

**Three times monthly Average:**

3 X C	<u>182,108</u>	<b>(D)</b>
-------	----------------	------------

TOTAL IN BOX A	\$	(3,273)	
LESS TOTAL IN BOX D	\$	182,108	
NET	\$	<u>(185,381)</u>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

HOPATCONG BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 SCHEDULE OF AUDITED ENROLLMENTS  
 OCTOBER 13, 2017

	2018-19 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 Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Reported on Workpapers		Sample for Veri- cation		Sample Sample		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool - 3 years					-	-															
Full Day Preschool - 3 years					-	-															
Half Day Preschool - 4 years					-	-															
Full Day Preschool - 4 years					-	-															
Half Day Kindergarten					-	-															
Full Day Kindergarten	104		104		-	-	104		104		-	-									
1st Grade	100		100		-	-	100		100		-	-									
2nd Grade	106		106		-	-	106		106		-	-									
3rd Grade	113		113		-	-	113		113		-	-									
4th Grade	110		110		-	-	110		110		-	-									
5th Grade	107		107		-	-	107		107		-	-									
6th Grade	84		84		-	-	84		84		-	-									
7th Grade	86		86		-	-	86		86		-	-									
8th Grade	92		92		-	-	92		92		-	-									
9th Grade	73		73		-	-	73		73		-	-									
10th Grade	80		80		-	-	80		80		-	-									
11th Grade	79		79		-	-	79		79		-	-									
12th Grade	90		90		-	-	90		90		-	-									
<b>Subtotal</b>	<b>1,224</b>	<b>-</b>	<b>1,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,224</b>	<b>-</b>	<b>1,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	122		122		-	-	48		48		-	-									
Spec Ed - Middle School	80		80		-	-	77		77		-	-		5	5	-	4	4			
Spec Ed - High School	108		108		-	-	108		108		-	-		10	9	1	9	9			
<b>Subtotal</b>	<b>310</b>	<b>-</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>14</b>	<b>1</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>1,534</b>	<b>-</b>	<b>1,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,457</b>	<b>-</b>	<b>1,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>14</b>	<b>1</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				6.67%				<u>0.00%</u>	

**HOPATCONG BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	Low Income			Sample for Verification			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
Half Day Preschool (3 Yrs)			-			-			-			-
Full Day Preschool (3 Yrs)			-			-			-			-
Half Day Preschool (4 Yrs)			-			-			-			-
Full Day Preschool (4 Yrs)			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	23.0	23.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
1st Grade	20.0	20.0	-	3.0	3.0	-			-			-
2nd Grade	28.0	28.0	-	5.0	5.0	-	2.0	2.0	-	2.0	2.0	-
3rd Grade	33.0	33.0	-	6.0	6.0	-	1.0	1.0	-	1.0	1.0	-
4th Grade	36.0	36.0	-	5.0	5.0	-			-			-
5th Grade	16.0	16.0	-	2.0	2.0	-			-			-
6th Grade	26.0	26.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
7th Grade	15.0	15.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
8th Grade	19.0	19.0	-	3.0	3.0	-			-			-
9th Grade	21.0	21.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
10th Grade	20.0	20.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
11th Grade	22.0	22.0	-	3.0	3.0	-			-			-
12th Grade	24.0	24.0	-	3.0	3.0	-			-			-
<b>Subtotal</b>	<b>303.0</b>	<b>303.0</b>	<b>-</b>	<b>48.0</b>	<b>48.0</b>	<b>-</b>	<b>8.0</b>	<b>8.0</b>	<b>-</b>	<b>8.0</b>	<b>8.0</b>	<b>-</b>
Spec Ed - Elementary	36.0	36.0	-	5.0	5.0	-			-			-
Spec Ed - Middle School	31.0	31.0	-	5.0	5.0	-			-			-
Spec Ed - High School	39.0	39.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
<b>Subtotal</b>	<b>106.0</b>	<b>106.0</b>	<b>-</b>	<b>15.0</b>	<b>15.0</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>
<b>Totals</b>	<b>409.0</b>	<b>409.0</b>	<b>-</b>	<b>63.0</b>	<b>63.0</b>	<b>-</b>	<b>9.0</b>	<b>9.0</b>	<b>-</b>	<b>9.0</b>	<b>9.0</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</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	373	373	-	39	39	-
Transported - Non-Public	71	71	-	14	14	-
Regular - Spec.	57	57	-	6	6	-
Special Needs - Public	57	57	-	6	6	-
<b>Totals</b>	<b>558</b>	<b>558</b>	<b>-</b>	<b>65</b>	<b>65</b>	<b>-</b>
		<u>0.00%</u>			<u>0.00%</u>	

**HOPATCONG BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	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
Half Day Preschool (3 Yrs)			-			-
Full Day Preschool (3 Yrs)			-			-
Half Day Preschool (4 Yrs)			-			-
Full Day Preschool (4 Yrs)			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	1	1	-	1	1	-
1st Grade	1	1	-	1	1	-
2nd Grade	3	3	-	2	2	-
3rd Grade	1	1	-	1	1	-
4th Grade			-			-
5th Grade	1	1	-	1	1	-
6th Grade	1	1	-	1	1	-
7th Grade			-			-
8th Grade			-			-
9th Grade			-			-
10th Grade	1	1	-	1	1	-
11th Grade			-			-
12th Grade			-			-
<b>Subtotal</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>-</b>
Spec Ed - Elementary			-			-
Spec Ed - Middle School			-			-
Spec Ed - High School	1	1	-	1	1	-
<b>Subtotal</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>9</b>	<b>9</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**HOPATCONG BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SECTION 1A - Two Percent (2%) - Calculation of Excess**

2017-2018 Total General Fund Expenditures per the CAFR	\$ 41,385,001
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>4,832,227</u>
Adjusted 2017-2018 General Fund Expenditures	<u>\$ 36,552,774</u>
2% of Adjusted 2017-2018 General Fund Expenditures	\$ 731,055
Increased by:	
Allowable Adjustment *	<u>57,875</u>
Maximum Unassigned Fund Balance	<u>\$ 788,930</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 4,393,096
Decreased by:	
Other Restricted Fund Balance - Capital Reserve	\$ 1,326,980
Other Restricted Fund Balance - Maintenance Reserve	299,603
Other Restricted Fund Balance - Excess Surplus - Designated for Subsequent Year's Expenditures	803,160
Designated for Subsequent Year's Expenditures	16,018
Assigned - Reserve for Encumbrances	<u>168,526</u>
	<u>2,614,287</u>
Total Unassigned Fund Balance	<u>\$ 1,778,809</u>
Restricted Fund Balance - Excess Surplus	<u>\$ 989,879</u>

**Recapitulation of Excess Surplus as of June 30, 2018**

Excess Surplus - Designed for Subsequent Year's Budget	\$ 803,160
Excess Surplus	<u>989,879</u>
	<u>\$ 1,793,039</u>

**\* Detail of Allowable Adjustments**

Unbudgeted Excess Extraordinary Aid	\$ 29,947
Additional Nonpublic School Transportation Aid	<u>27,928</u>
Total Adjustments	<u>\$ 57,875</u>



**HOPATCONG BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.
2. Internal controls be enhanced to ensure cash balances are monitored to prevent cash overdrafts from occurring.
- \* 3. The various bank reconciliations on the Treasurer's report contain only valid reconciling items.
4. The district should adopt internal control procedures designed to ensure that reimbursement of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are properly reported in the current year's Final Reports for all federal awards and are encouraged to remit payment within the 60 day grant liquidation period and/or certainly within the statutory 90 day liquidation period.

**III. School Purchasing Program**

- \* It is recommended that quotations be obtained whenever a purchase exceeds the limit set forth by the Public School Contracts Law.

**IV. School Food Services**

There are none.

**V. Transportation Services Program**

It is recommended that receipt of goods and payment approval signatures be obtained on all purchase orders of the Transportation Services program prior to payment.

**VI. Day Plus Program**

There are none.

**VII. Student Body Activities**

It is recommended that:

1. The athletic account should be reconciled on a monthly basis.
2. Proper supporting documentation for all student activity receipts should be maintained and available for audit.
- \* 3. Prenumbered receipts should be utilized for all accounts and include the proper composition of the deposit (checks vs. cash)
- \* 4. All checks issued should contain at least two authorization signatures.

**HOPATCONG BOARD OF EDUCATION  
RECOMMENDATIONS  
(Continued)**

**VII. Student Body Activities (Continued)**

- \* 5. Outstanding checks should be reviewed and cleared of record.
- \* 6. Bank reconciliations contain only valid reconciling items.
- \* 7. Scholarships awarded should have sufficient funding available and should not be processed through the student activity funds.
- \* 8. Efforts be made to limit the reimbursements paid to individuals.

**VIII. Application for State School Aid**

There are none.

**IX. Pupil Transportation**

There are none.

**X. Facilities and Capital Assets**

- \* It is recommended that all current year additions and assets acquired in previous years be properly reflected in the District's capital asset inventory.

**XI. Miscellaneous**

There are none.

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

A review was performed on all prior years' recommendations and corrective action was taken on all except the items 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.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary J. Vinci  
Public School Accountant  
PSA Number CS00829