

HOPATCONG BOROUGH
SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

HOPATCONG BOROUGH SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
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Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-298-8500 | 973-298-8501 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 21, 2019

The Honorable President and Members
of the Board of Education
Hopatcong Borough School District
County of Sussex, NJ

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 financial statements of the Board of Education of the Hopatcong Borough School District in the County of Sussex for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 21, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 21, 2019, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestions and recommendations.

This report is intended for the information of the Hopatcong Borough School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

November 21, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP

A handwritten signature in cursive script that reads "Valerie Dolan". The signature is written in black ink and is positioned above a horizontal line.

Valerie Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Lorraine Rossetti	Treasurer of School Monies	\$ 300,000
Carolyn Joseph	School Business Administrator/Board Secretary	300,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

The net salaries of 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 Chief School Administrator and certified by the President of the Board and the School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted for health benefits withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
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(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding:

During our review of the Payroll Agency account it was noted that an accurate analysis of balance was not prepared.

Recommendation:

It is recommended that an accurate analysis of payroll balance should be prepared. The analysis should be reviewed on a monthly basis to ensure proper payment.

Management Response:

The Business Administrator will ensure an accurate analysis of balance will be prepared and reviewed monthly to ensure proper payment.

Finding:

During our review of the Payroll Agency and Unemployment Accounts it was noted that transfers between the two accounts were not accurately recorded.

Recommendation:

It is recommended that management review the procedures for the Unemployment Account and ensure that Unemployment Account is accurately recorded.

Management Response:

Management will review and update the procedures for the Unemployment Account and review the account on a monthly basis to ensure the account is accurately recorded.

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. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no significant transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments .

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Finding:

During our review of the various bank reconciliations of the District it was noted that there are reconciling items on the bank reconciliation that are not properly supported and deemed to be invalid.

Recommendations:

It is recommended that the bank reconciliations be reviewed and that only reconciling items that can be properly supported and validated appear on the bank reconciliation.

Management Response:

The Business Administrator has already taken steps to improve the bank reconciliation process and will ensure that the all accounts are properly reconciled on a monthly basis. Additionally, Management will review all bank reconciliations and clear any unsupported or invalid reconciling items.

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

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

Other Special Federal and/or 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 reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions noted.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2019. The reimbursement form was reviewed, without exceptions.

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 \$17,500, 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 therefore, 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. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. 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. 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 the year in which it is made"

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 therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2015, 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 of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the 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. General compliance was noted.

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.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

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 the 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 purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the comment noted below.

Finding:

Our audit included a review of the records maintained for the student activity funds at the various schools. This review revealed instances where District-wide standard policies and procedures were not followed with regard to collections and disbursements and included lack of detail supporting deposits.

Recommendation:

It is recommended that the District continue to communicate District-wide standard policies and procedures for all student activity funds to ensure that they are adhered to.

Management Response:

Management will review and evaluate the current policies and procedures, and update as necessary. These policies and procedures will then be communicated district-wide. Management will then review Student Activity accounts on a periodic basis to ensure they are adhered to.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Transportation:

The financial transactions and billings pertaining to the Transportation Enterprise Fund were reviewed. The District completes the billing process based on anticipated costs that it will incur from transporting each districts' students. Based on these procedures, we have no comments except as noted herein.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual education 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 one exception. The information that was included on the workpapers was verified on a test basis with one 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.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2018/2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one 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 District did not purchase buses; therefore, the review of bid specifications for the purchase of buses for compliance with applicable statutes did not apply to the District for the current fiscal year. There were no exceptions noted.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Testing for Lead of All Drinking Water in Educational Facilities

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

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Management Suggestions:

Transportation Services Fund

During our review of the Transportation Services Fund it was noted that a great improvement had been made in regards to maintaining signatures and approvals on purchase orders. However, we suggest that the District update and review its policies and procedures related to purchasing in the Transportation Services Fund to ensure proper internal control and cash flow.

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, *Fiduciary Activities*, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds.

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding purchase orders, cash overdrafts, TPAF FICA reimbursement, Public School Contracts Law, obtaining all signatures on purchase orders in the Transportation Services Fund, and capital assets have all been corrected and are not included in the current year audit. The prior year recommendations regarding reconciling items and student activities have not been corrected and are included in this audit.

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						Sample for Verification						
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		
	A.S.A. On Roll	Workpapers On Roll	Workpapers On Roll	Shared	Full	Shared	Selected from Workpapers	Workpapers	Registers On Roll	Shared	Registers On Roll	Shared	
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Kindergarten	115		115				115		115				
Grade One	100		100				100		100				
Grade Two	98		98				98		98				
Grade Three	102		102				102		102				
Grade Four	106		106				106		106				
Grade Five	109		109				109		109				
Grade Six	109		109				109		109				
Grade Seven	86		87		(1)		87		87				
Grade Eight	83		83				83		83				
Grade Nine	74		74				74		74				
Grade Ten	73		73				73		73				
Grade Eleven	84		84				84		84				
Grade Twelve	86		86				86		86				
Subtotal	1,225		1,226		(1)		1,226		1,226				
Special Ed - Elementary	132		132				11		11				
Special Ed - Middle School	81		81				10		10				
Special Ed - High School	106		106				9		9				
Subtotal	319		319				30		30				
Totals	1,544		1,545		(1)		1,256		1,256				
Percentage Error					0.06%							0.00%	0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Errors	Verified to Application and Register	Sample Errors
Full Day Kindergarten					20	20	2		2	
Grade One					22	22	2		1	1
Grade Two					20	20	2		2	
Grade Three					30	30	3		3	
Grade Four					23	23	3		3	
Grade Five					33	33	3		3	
Grade Six					19	19	2		2	
Grade Seven					19	19	2		2	
Grade Eight					19	19	2		2	
Grade Nine					22	22	2		2	
Grade Ten					22	22	2		2	
Grade Eleven					21	21	2		2	
Grade Twelve					27	27	3		3	
Subtotal					297	297	30		29	1
Special Ed - Elementary	1				49	49				
Special Ed - Middle School	4	1	1		28	28				
Special Ed - High School	9	2	2		37	37				
Subtotal	14	3	3		114	114				
Totals	14	3	3		411	411	30		29	1
Percentage Error					0.00%					3.33%

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Half Day Preschool						
Full Day Kindergarten	4	4				
Grade One	3	3		1	1	
Grade Two	1	1				
Grade Three	7	7		1	1	
Grade Seven	1	1				
Grade Eight	1	1		1	1	
Grade Nine	1	1				
Grade Ten	1	1		1	1	
Grade Eleven	1	1				
Subtotal	<u>20</u>	<u>20</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>0</u>
Totals	<u>20</u>	<u>20</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	2	2				
Grade One	1	1				
Grade Three	1	1		1	1	
Grade Six	1	1				
Grade Twelve	1	1		1	1	
Subtotal	<u>6</u>	<u>6</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Special Ed - Elementary	1	1				
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>7</u>	<u>7</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	438	438		40	40	
Regular - Special Education	59	59		5	5	
Transported - Non Public	62	62		5	5	
AIL - Non Public	48	48		4	3	1
Special Needs - Public	47	47		4	4	
Special Needs - Private	13	13		2	2	
Totals	<u>667</u>	<u>667</u>	<u>-0-</u>	<u>60</u>	<u>59</u>	<u>1</u>
			<u>0.00%</u>			<u>1.67%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	6.4	6.4
Average Mileage - Regular Excluding Grade PK Students	6.4	6.4
Average Mileage - Special Education with Special Needs	8.8	8.8

HOPATCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$41,438,449</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)
Transfer from General Fund to SRF for PreK - Regular	<u>\$ -0-</u> (B1c)
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$ -0-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 5,428,156</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)
Adjusted 2018-19 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$36,010,293</u> (B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	<u>\$ 720,206</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 720,206</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 158,955</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 879,161</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/19 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 4,824,371</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 44,231</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 989,879</u> (C3)
Other Restricted Fund Balance	<u>\$ 1,785,611</u> (C4)
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	<u>\$ 52,286</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,952,364</u> (U1)

HOPATCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 1,073,203 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 989,879 (C3)

Restricted Excess Surplus [(E)] \$ 1,073,203 (E)

Total [(C3)+(E)] \$ 2,063,082 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale & Lease-back \$ -0- (I)

Extraordinary Aid \$ 128,744 (J1)

Additional Nonpublic School Transportation Aid \$ 30,211 (J2)

Unbudgeted TPAF Wage Freeze Grant Funding \$ -0- (J3)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 158,955 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,611,382

Maintenance Reserve \$ 174,229

Emergency Reserve \$ -0-

Tuition Reserve \$ -0-

Other State/Government Mandated Reserve \$ -0-

Other Restricted Fund Balance Not Noted Above \$ -0-

Total Other Restricted Fund Balance \$ 1,785,611 (C4)

HOPATCONG BOROUGH SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2019

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - a) An accurate analysis of balance should be prepared. The analysis should be reviewed on a monthly basis to ensure proper payment.
 - b) Management review the procedures for the Unemployment Account and ensure that Unemployment Account is accurately reported.
 - c) The bank reconciliations be reviewed and that only reconciling items that can be properly supported and validated appear on the bank reconciliation.
3. School Purchasing Program
None
4. Enterprise Funds
None
5. Student Body Activities
The District continue to communicate District-wide standard policies and procedures for all student activity funds to ensure that they are adhered to.
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
The prior year recommendations regarding purchase orders, cash overdrafts, TPAF FICA reimbursement, Public School Contracts Law, obtaining all signatures on purchase orders in the Transportation Services Fund, and capital assets have all been corrected and are not included in the current year audit. The prior year recommendations regarding reconciling items and student activities have not been corrected and are included in this audit.