

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

**HACKENSACK BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Education
Hackensack Board of Education
Hackensack, 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 Hackensack Board of Education, State of New Jersey as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 17, 2020.

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 for the information 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.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 17, 2020

**HACKENSACK 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 Board Secretary/School Business Administrator 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 Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dennis Frohnapfel (7/1/19-2/21/20)	Business Administrator/Board Secretary	\$500,000
Dora E. Zeno (2/21/20-6/30/20)	Business Administrator/Board Secretary	\$500,000

There is an Employee Dishonesty Faithful Performance Crime Coverage policy with N.J. Schools Insurance Group covering all other employees with multiple coverage of \$500,000 per employee.

Financial Planning, Accounting and Reporting

Examination of Claims

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

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.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld and due to the governmental funds.

The District maintains a personnel tracking and accounting (Position Control) system.

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.

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

Financial Planning, Accounting and Reporting (Continued)

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 with exception. 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.

- **Finding – (CAFR Finding 2020-001)** – Our audit of year end open purchase orders in the General Fund revealed certain purchase orders were not reviewed at year end for validity. We noted numerous encumbrances which we deemed invalid at year end.

Recommendation – Procedures be revised to ensure open purchase orders are reviewed at year end for validity and invalid orders be cancelled accordingly.

Travel

The District had an approved Board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

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 included 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 material exceptions were noted, therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

- **Finding (CAFR Finding 2020-003)** – Our audit revealed certain expenditures were not classified and charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Recommendation – Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Board Secretary's Records

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

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The prescribed contractual order system was followed with exceptions as previously noted.

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

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

Financial Planning, Accounting and Reporting (Continued)

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 Fiduciary Funds.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Acts (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 Title I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. disclosed the following area of noncompliance.

- **Finding (CAFR Finding 2020-002)** – Our audit of the ESEA Title I grant program revealed certain time and effort reports were not provided for audit for certain employees charged to the grant program.

Recommendation – Time and effort reports be completed and retained on file for all employees charged to the ESEA Title I grant program.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 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.

- **Finding (CAFR Finding 2020-004)** – A review of students' Individualized Education Plans (IEP) revealed certain students reported on the Application for State Extraordinary Aid did not have an intensive related service specifically included in their IEP. A minimum of one intensive related service is required to be included in a student's IEP to be eligible for inclusion on the Extraordinary Aid Application.

Recommendation – Procedures be revised to ensure student IEP's specifically identify the intensive related service provided to the respective student reported on the Application for State Extraordinary Aid.

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.

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

Financial Planning, Accounting and Reporting (Continued)

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

The amount of expenditure charged to the current year's Final Report 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 Office 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 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 is \$19,000 for the 2019/2020 school year.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the board of education may establish that the bid threshold may be up to \$40,000. 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. The Board has designated the Assistant School Business Administrator as the qualified purchasing agent and established the bid threshold at \$40,000 effective April 29, 2019.

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.

Based on the results of our examination, we noted instances where individual payments, contracts or agreements were made for the performance of work or goods or services, 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, as amended.

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" per N.J.S.A. 18A:18A-5 and 19:44A in certain instances.

- **Finding (CAFR Findings 2019-005)** – Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:
 - We noted several instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
 - Our audit indicated several vendors paid in excess of the bid threshold were based on the use of state contracts or cooperative purchasing agreements which were not approved by the Board and included in the official minutes. Furthermore, the applicable state contract and cooperative purchasing agreements were not provided in order to determine the validity of the contracts.
 - We noted purchases in excess of the bid threshold made through a National Purchasing Cooperative agreement vendor that was not approved in the minutes and was not publicly advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Recommendation –

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are procured in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Contract awards and purchases made in excess of the bid threshold through the use of State contracts, cooperative purchasing agreements and National Purchasing Cooperatives be approved by the Board in the official minutes and made in accordance with State procurement guidelines. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and cooperative purchasing agreements.

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

COVID – 19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all 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.

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.

The school food service program was not selected as a major Federal or State program. However, the program expenditures exceeded \$100,000 in Federal 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. 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.

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

School Food Service (Continued)

The financial transactions of the school food service fund were maintained in good condition. The financial accounts were reviewed on a test-check basis.

The District utilizes 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 with exception. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating result provision which was not met by the FSMC for the current fiscal year. A credit was provided by the FSMC to the District for the shortfall in the operating results provision.

Cash receipts and bank records were reviewed for timely deposit.

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 disbursements records reflected expenditures for program related goods and services with exceptions noted. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did exceed three months average expenditures.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of the audit of the Application for State School Aid (ASSA).

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

- **Finding** – Our audit of the food sale revenues and expenses reported on the food service management company’s operating statement revealed differences with the amounts reported in the District’s revenue and expenditure reports. We noted the food sales reported in the District’s records was less than the food sales reported by the food service management company (FSMC). We also noted expenses listed on the FSMC monthly invoices were higher than expenses listed on the monthly operating statements.

Recommendation – The revenue reported on the food service management company’s operating statement be compared to the amounts reported in the District’s revenue reports and any differences be reconciled on a monthly basis. In addition expenses reflected on the monthly invoices be reviewed and reconciled to the monthly operating statements prior to payment.

Student Body Activities

During our review of the student activity funds, the following matters were noted:

- **Finding** – Pre-numbered receipt tickets were not utilized for monies collected in the Elementary, Middle School or High School Student Activity accounts.

Recommendation – Pre-numbered receipt tickets be utilized for monies collected in all District student activity accounts.

- **Finding** – Deposits for gate receipts from sporting events in the High School Athletic account as well as deposits in the Varsity Club account are not deposited in a timely manner.

Recommendation – Deposits be made in a timely manner in the High School Athletic and Varsity Club accounts.

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

Student Body Activities (Continued)

- **Finding** – Vouchers or checks request forms were not utilized for disbursements made from the Fanny Hillers, Middle School, High School Varsity Club and High School Athletic accounts.

Recommendation – Vouchers or check request forms be utilized for payments made from the Fanny Hillers, Middle School, High School Varsity Club and High School Athletic accounts.

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 students 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 noted. The information that was included on the workpapers was verified with immaterial exceptions noted. 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 2019-20 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.

Facilities and Capital Assets

The District had no SDA grant projects during the current year.

Testing for Lead of all Drinking Water in Educational Facilities

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

Management Suggestions

- Payments made from the Scholarship and Unemployment trust accounts should be approved in the Board minutes.
- The District should perform a review of all bank accounts utilizing the District's employer identification number (EIN) and any accounts not under the control and approval of the Board should discontinue the use of the District's EIN.
- The District should implement procedures to have a supervisory district employee verify on-line with federal and state agencies the timely payment of payroll deductions due.

Follow-up Prior Year Findings

In accordance with government standards, our procedures included a review of all prior year recommendations.

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

NOT APPLICABLE

**HACKENSACK BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

<u>Net Cash Resources:</u>	Food Service B - 4/5	
CAFR *		Current Assets
B-4	\$ 520,771	Cash & Cash Equiv.
B-4	158,907	Due from Other Gov'ts
B-4		Due from Other Fund
B-4	15,398	Accounts Receivable
B-4		Investments
CAFR		Current Liabilities
B-4	(76,323)	Less Accounts Payable
B-4		Less Accruals
B-4		Less Due to Other Funds
B-4	(23,519)	Less Unearned Revenue
	\$ 595,234	Net Cash Resources
		(A)

Net Adj. Total Operating Expense:

B-5	2,484,552	Tot. Operating Exp.	
B-5	42,761	Less Depreciation	
	\$ 2,441,791	Adj. Tot. Oper. Exp.	(B)

Average Monthly Operating Expense:

B / 10	244,179	(C)
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Three times monthly Average:

3 X C	732,537	(D)
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TOTAL IN BOX A	595,234
LESS TOTAL IN BOX D	732,537
NET	(137,303)

From above:

Net Cash Resources Did Not Exceed Three Months of Average Expenditures

**HACKENSACK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on		Sample	
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as		for	
	On Roll	Shared	On Roll	Shared	Full	Shared	Workpapers	On Roll	On Roll	On Roll	Private	Private	Verifi-	Sample	Sample	
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors	
Half Day Preschool 3 Years Old						-	-									
Half Day Preschool 4 Years Old	8					8	-									
Full Day Preschool 3 Years Old						-	-									
Full Day Preschool 4 Years Old	138		146			(8)	-	32		32						
Half Day Kindergarten						-	-									
Full Day Kindergarten	303		303			-	-	84		84						
Grade 1	316		316			-	-	83		83						
Grade 2	302		302			-	-	60		60						
Grade 3	279		279			-	-	65		65						
Grade 4	317		318			(1)	-	85		85						
Grade 5	310		310			-	-	310		310						
Grade 6	318		319			(1)	-	319		319						
Grade 7	325		325			-	-	325		325						
Grade 8	276		276			-	-	276		276						
Grade 9	383	4	383	4		-	-	383	4	383	4					
Grade 10	425	4	425	4		-	-	425	1	425	1					
Grade 11	373	9	373	9		-	-	373	4	373	4					
Grade 12	416	4	416	4		-	-	416	1	416	1					
Post- Graduate						-	-									
Adult High School (15+ Credits)						-	-									
Adult High School (1-14 Credits)						-	-									
Subtotal	4,489	21	4,491	21		(2)	-	3,236	10	3,236	10			-	-	-
Sp Ed - Elementary	599		598			1	-	31		31			20.0	13	11	2
Sp Ed - Middle School	244		243			1	-	12		12			18.0	13	13	-
Sp Ed - High School	299	5	299	5		-	-	16	1	16	1		21.5	15	14	1
Subtotal	1,142	5	1,140	5		2	-	59	1	59	1		59.5	41	38	3
County Vocational - Regular						-	-									
County Vocational - F.T. Post-Second						-	-									
Subtotal	-	-	-	-		-	-	-	-	-	-			-	-	-
Totals	5,631	26	5,631	26		-	-	3,295	11	3,295	11		59.5	41	38	3
Percentage Error						0.00%	0.00%						0.00%	0.00%		7.89%

**HACKENSACK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	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	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Preschool 3 Years Old			-			-						-
Half Day Preschool 4 Years Old			-			-						-
Full Day Preschool 3 Years Old			-			-						-
Full Day Preschool 4 Years Old			-			-						-
Half Day Kindergarten			-			-						-
Full Day Kindergarten	184.0	184.0	-	4	3	1	56	55	1	8	8	-
Grade 1	213.0	213.0	-	5	5	-	40	40	-	6	6	-
Grade 2	204.0	204.0	-	4	4	-	59	57	2	8	8	-
Grade 3	190.0	190.0	-	4	4	-	43	42	1	6	6	-
Grade 4	224.0	224.0	-	5	5	-	37	37	-	5	3	2
Grade 5	221.0	221.0	-	5	5	-	19	18	1	2	2	-
Grade 6	210.0	210.0	-	4	4	-	15	15	-	2	2	-
Grade 7	205.0	205.0	-	4	4	-	21	21	-	3	3	-
Grade 8	196.0	196.0	-	4	4	-	18	18	-	2	2	-
Grade 9	185.0	185.0	-	4	2	2	28	28	-	4	4	-
Grade 10	208.5	208.5	-	4	4	-	32	33	(1)	5	5	-
Grade 11	166.0	166.0	-	3	3	-	26	30	(4)	2	1	1
Grade 12	196.5	196.5	-	4	4	-	27	31	(4)	4	4	-
Post- Graduate			-			-			-			-
Adult High School (15+ Credits)	-	-	-	-	-	-	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,603.0	2,603.0	-	54	51	3	421	425	(4)	57	54	3
Sp Ed - Elementary	405.0	405.0	-	9	8	1	27	16	11	3	3	-
Sp Ed - Middle School	197.0	197.0	-	4	4	-	12	12	-	2	2	-
Sp Ed - High School	175.0	175.0	-	4	3	1	3	3	-	1	1	-
Subtotal	777.0	777.0	-	17	15	2	42	31	11	6	6	-
County Vocational - Regular			-			-						-
County Vocational - F.T. Post-Second			-			-						-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	3,380.0	3,380.0	-	71.0	66.0	5.0	463	456	7	63	60	3
Percentage Error			<u>0.00%</u>			<u>7.04%</u>			<u>1.51%</u>			<u>4.76%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	265	265	-	28	28	-
Regular - Special Ed	200	200	-	21	21	-
Transported - Non Public	-	-	-	-	-	-
Special Needs	146	146	-	16	13	3
Subtotal	611	611	-	65	62	3

Percentage Error 0.0% 4.6%

**HACKENSACK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Half Day Preschool 3 Years Old						
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	10	9	1	4	4	-
Grade 1	9	9	-	3	3	-
Grade 2	15	15	-	6	6	-
Grade 3	6	7	(1)	2	2	-
Grade 4	6	5	1	2	2	-
Grade 5	4	4	-	2	2	-
Grade 6	3	3	-	1	1	-
Grade 7	14	14	-	5	5	-
Grade 8	4	4	-	2	2	-
Grade 9	5	7	(2)	2	2	-
Grade 10	9	9	-	3	3	-
Grade 11	12	15	(3)	5	5	-
Grade 12	11	11	-	4	4	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	108	112	(4)	41	41	0
Sp Ed - Elementary	7	7	-	3	3	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	8	8	-	4	4	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	116	120	(4)	45	45	-
Percentage Error			<u>-3.45%</u>			<u>0.00%</u>

**HACKENSACK BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

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

2019-20 Total General Fund Expenditures per the CAFR	\$ 128,691,612
Increased by:	
Transfer Out - Special Revenue Fund - Preschool Program	<u>411,499</u>
	129,103,111
Decreased by:	
On-Behalf TPAF Pension & Social Security	17,478,960
Assets Acquired Under Capital Leases	<u>616,116</u>
Adjusted 19-20 General Fund Expenditures	<u>\$ 111,008,035</u>
2% of Adjusted 2019-20 General Fund Expenditures	
Allowable Adjustment - Unbudgeted Extraordinary Aid	<u>\$ 2,220,161</u> <u>776,303</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 2,996,464</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2020	\$ 22,201,263
Decreased by:	
Reserved for Encumbrances	2,014,533
Other Reserved Fund Balances - Capital Reserve	9,137,058
Other Rerved Fund Balance - Maintenance Reserve	1,010,633
Other Reserved Fund Balance - Emergency Reserve	300,000
Excess Surplus - Designated for Subsequent Year's Expenditures	1,712,365
Assigned - Designated for Subsequent Year's Expenditures	<u>1,308,580</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 6,718,094</u>

SECTION 3

Reserved Fund Balance - Excess Surplus	<u>\$ 3,721,630</u>
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Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,712,365
Reserved Excess Surplus	<u>3,721,630</u>
Total	<u>\$ 5,433,995</u>

HACKENSACK BOARD OF EDUCATION RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Procedures be revised to ensure open purchase orders are reviewed at year end for validity and invalid orders be cancelled accordingly.
- * 2. Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.
3. Time and effort reports be completed and retained on file for all employees charged to the ESEA Title I grant program.
4. Procedures be revised to ensure student IEP's specifically identify the intensive related service provided to the respective student reported on the Application for State Extraordinary Aid.

III. School Purchasing Program

It is recommended that:

- * 1. Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are procured in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- * 2. Contract awards and purchases made in excess of the bid threshold through the use of State contracts, cooperative purchasing agreements and National Purchasing Cooperatives be approved by the Board in the official minutes and made in accordance with State procurement guidelines. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and cooperative purchasing agreements.

IV. School Food Service

It is recommended that the revenue reported on the food service management company's operating statement be compared to the amounts reported in the District's revenue reports and any differences be reconciled on a monthly basis. In addition, expenses reflected on the monthly invoices be reviewed and reconciled to the monthly operating statement prior to payment.

**HACKENSACK BOARD OF EDUCATION
RECOMMENDATIONS**

V. Student Body Activities

It is recommended that:

- * 1. Pre-numbered receipt tickets be utilized for monies collected in all District student activity accounts.
- * 2. Deposits be made in a timely manner in the High School Athletic and Varsity Club accounts.
- * 3. Vouchers or checks request forms be utilized for payments made from the Fanny Hillers, Middle School, High School Varsity Club and High School Athletic accounts.

VI. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.


XI. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations 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



Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant