

BOARD OF EDUCATION
HAMPTON BOROUGH SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020

HAMPTON BOROUGH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	
Financial Planning, Accounting and Reporting	
Examination of Claims	3
Payroll Account	3
Employee Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	4
Board Secretary's Records	4
Treasurer or Reconciler of Accounts' Records	4
Elementary and Secondary Education Act as amended by The Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4
TPAF Reimbursement	4
TPAF Reimbursement to the State for Federal Salary Expenditures	5
Nonpublic State Aid	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5 - 7
Unemployment Compensation Insurance Trust Fund	7
School Food Service	7 - 8
Student Body Activities	9
Application for State School Aid (ASSA)	9
Pupil Transportation	9
Facilities and Capital Assets	9
Testing for Lead of All Drinking Water in Educational Facilities	9
Follow-up on Prior Year Findings	10
Net Cash Resource Schedule	N/A
Schedule of Audited Enrollments	11 - 13
Excess Surplus Calculation	14 - 15
Acknowledgment	16
Recommendations	17
Status of Prior Year's Audit Findings and Recommendations	18

Federal Identification Number 22-6001854



Certified Public Accountants, PC

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Independent Auditors' Report

Honorable President and Members
of the Board of Education
Hampton Borough School District
County of Hunterdon, 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 Board of Education of the Hampton Borough School District in the County of Hunterdon for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 6, 2021.

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 report is intended for the information of the Hampton 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.

A handwritten signature in black ink that reads "BKC, CPAs, PC".

BKC, CPAs, PC

A handwritten signature in black ink that reads "M A".

Michael A. Holk, CPA, PSA

NO. 20CS00265600

January 6, 2021
Flemington, New Jersey

HAMPTON BOROUGH SCHOOL DISTRICT
June 30, 2020

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School District or Charter School or Renaissance School Project CAFR. Adequacy of insurance coverage is the responsibility of the Board of Education.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32,18A:13-13)

Surety bond coverage in force during the period was:

<u>Name of Employee</u>	<u>Position</u>	<u>Amount</u>
Kelly Morris	Business Administrator (07/01/19-1/1/20)	\$ 170,000
Marci Krasny	Business Administrator (1/1/20-1/1/21)	170,000
Ray Krov	Treasurer of School Monies	170,000

The Treasurer of School Monies was bonded in a surety bond in accordance with provisions of Title 18A:17-32 within minimum limits of the schedule promulgated by the New Jersey State Board of Education.

Finding 2020-001

As part of our audit procedures it was noted there was a limited number of personnel responsible and performing substantially all of the bookkeeping and accounting duties.

Recommendation

The District should implement procedures to reduce the risk in connection with a lack of segregation of duties.

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

Financial Planning, Accounting and Reporting

Examination of Claims

Finding 2020-002

A review of claims paid during the period under review indicated discrepancies with respect to required payment procedures should be followed.

Recommendation

Required payment procedures should be followed.

Payroll Account

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

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

Finding 2020-003

A review of health benefit and dental withholdings indicated discrepancies with respect to accuracy.

Recommendation

Health and dental invoices and withholdings should be checked for accuracy.

Employee Position Control Roster

A review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g., pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received, and services were rendered, as of June 30.

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

Classification of Expenditures

The coding of expenditures was evaluated for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

A review of classification of expenditures during the period under review did not indicate any discrepancies with respect to proper classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not disclose any material exceptions.

Treasurer or Reconciler of Accounts' Records

Our review of the records of the Treasurer of School Moneys did not disclose any exceptions.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI 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.

TPAF Reimbursement

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

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure 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 prior to the end of the 90 day grant liquidation period required by the Office of Grants Management.

No reimbursement is due to the State to reimburse for the TPAF/FICA payments made by the State on-behalf of the District. The District had no employees with applicable salaries identified as being paid from federal funds.

Nonpublic State Aid

The District did not receive any nonpublic State Aid during the fiscal year 2019.

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 therefor, 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 possesses a qualified purchasing agent certificate 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 \$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 the 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.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.”

HAMPTON BOROUGH SCHOOL DISTRICT
June 30, 2020

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

N.J.S.A. 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 therefor, except as is provided otherwise in this chapter or specifically by any other law.”

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 \$19,000 for 2019-20.

In accordance with N.J.S.A. 18A:18A-3A and N.J.A.C. 5:34-5 et. seq. the Board of Education has appointed a “Qualified Purchasing Agent” which allows the Board of Education to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

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 solicitor's opinion should be sought before a commitment is made.

Our examination of the minutes indicated that contracts were awarded for the following:

Technology services	HVAC repairs and upgrades	Lighting project
Special education services	Speech & therapy services	Food services management

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. Expenditures were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any 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.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

HAMPTON BOROUGH SCHOOL DISTRICT
June 30, 2020

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

Our examination indicated the following purchases were made using state contracts:

Office supplies	Teaching supplies
Technology equipment & supplies	Maintenance services

Purchases were also made through cooperative agreements for the following:

Fuel oil	Transportation
Electric generation	Insurance
Internet access	Technology services
Telephone service	Maintenance supplies
Technology equipment & supplies	Teaching supplies
Teacher assistants	

Unemployment Compensation Insurance Trust Fund

The Board has adopted the contributory method and remits the entire employee deduction of unemployment compensation to the State.

School Food Service

COVID-19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID-19 virus, all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, the District was required to institute alternate procedures to provide meals to free and reduced price eligible students during the period of school closures.

Therefore, the District was 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 District was 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.

The District was 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 District 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 costs applicable to the emergency operations.

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

School Food Service (continued)

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Continued efforts should be made to eliminate the deficit cash balance and unrestricted net position in the food service fund. The Board should consider making a contribution to transfer from the general fund to the food service fund to cover the deficit and improve cash flows. Additionally, continuing efforts should be made to collect outstanding student balances prior to year-end.

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. Provisions of the FSMC Cost Reimbursable or Fixed Price contract/addendum were reviewed and audited. The FSMC contract does not include an operating results provision which guarantees that the food service program will breakeven. 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 cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced-price meals were reviewed for completeness and accuracy. The number of free and reduced-price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced-price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced-price applications were completed and available for review.

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 School District did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section titled Proprietary Funds, Section B of the CAFR.

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

Student Body Activities

Our review of the records of the student activity funds did not disclose any exceptions.

Application for State School Aid

We evaluated the information reported in the October 15, 2019 Application for State School Aid (ASSA) for onroll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers. 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's written procedures appear to be adequate for the recording of student enrollment data.

Finding 2020-004

Our comparison of registers provided for the ASSA were not in agreement with the amounts reported.

Recommendation

The District should verify that registers prepared in connection with the ASSA report are in agreement with amounts reported.

Pupil Transportation

The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our review of facilities and capital assets did not disclose any exceptions.

Testing for Lead of All Drinking Water in Educational Facilities

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

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

Miscellaneous

Finding 2020-005

Review of the minutes indicated the appropriate action was not taken regarding the Corrective Action Plan for the audit recommendations.

Recommendation

The Corrective Action Plan must address all findings contained in the Comprehensive Annual Financial Report and the Auditor's Management Report and specific board action and disposition of each audit recommendation must be duly noted in the minutes of the board.

Finding 2020-006

Review of the minutes indicated not all approvals and budget appropriations agreed to the support.

Recommendation

Additional care should be taken to ensure minute approvals and budget appropriations agree with support.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the finding 2019-001, 2019-003, and 2019-004, which are repeated in this year's recommendations noted as current year findings 2020-001, 2020-002, 2020-004.

HAMPTON BOROUGH SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments - Enrollment as of October 15, 2019

	2020 - 2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers Onroll		Errors per Registers Onroll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half day preschool age 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full day preschool age 3	4	-	4	-	-	-	2	-	2	-	-	-	-	-	-	-
Half day preschool age 4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full day preschool age 4	7	-	7	-	-	-	5	-	5	-	-	-	-	-	-	-
Half day kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full day kindergarten	5	-	6	-	(1)	-	5	-	5	-	-	-	-	-	-	-
One	11	-	11	-	-	-	2	-	2	-	-	-	-	-	-	-
Two	8	-	5	-	3	-	5	-	5	-	-	-	-	-	-	-
Three	9	-	9	-	-	-	2	-	2	-	-	-	-	-	-	-
Four	12	-	16	-	(4)	-	4	-	4	-	-	-	-	-	-	-
Five	6	-	5	-	1	-	6	-	6	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post - graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	62	-	63	-	(1)	-	31	-	31	-	-	-	-	-	-	-
Special education - elementary	19	-	18	-	1	-	10	-	8	-	2	-	1	1	1	-
Special education - middle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special education - high school	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	19	-	18	-	1	-	10	-	8	-	2	-	1	1	1	-
County vocational - regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County vocational - f/t post sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	81	-	81	-	-	-	41	-	39	-	2	-	1	1	1	-
Percentage error					<u>0.00%</u>	<u>0.00%</u>					<u>4.88%</u>	<u>0.00%</u>				<u>0.00%</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments - Enrollment as of October 15, 2019 (continued)

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half day preschool age 3	-	-	-	-	-	-	-	-	-	-	-	-
Full day preschool age 3	-	-	-	-	-	-	-	-	-	-	-	-
Half day preschool age 4	-	-	-	-	-	-	-	-	-	-	-	-
Full day preschool age 4	2	-	2	-	-	-	-	-	-	-	-	-
Half day kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full day kindergarten	2	2	-	2	2	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-
Two	2	2	-	2	2	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-
Four	2	2	-	2	2	-	-	-	-	-	-	-
Five	5	5	-	5	5	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post - graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	13	11	2	11	11	-	-	-	-	-	-	-
Special education - elementary	12	12	-	12	12	-	-	-	-	-	-	-
Special education - middle	-	-	-	-	-	-	-	-	-	-	-	-
Special education - high school	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	12	12	-	12	12	-	-	-	-	-	-	-
County vocational - regular	-	-	-	-	-	-	-	-	-	-	-	-
County vocational - f/t post sec.	-	-	-	-	-	-	-	-	-	-	-	-
Total	25	23	2	23	23	-	-	-	-	-	-	-
Percentage error			<u>8.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments - Enrollment as of October 15, 2019 (continued)

	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 & Register	Sample Errors
None reported	-	-	-	-	-	-
	-	-	-	-	-	-
Percentage error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Sample Errors
Regular - public schools	29	29	-	29	29	-
Regular - special education	-	-	-	-	-	-
ALL - non public	21	21	-	21	21	-
Public school with special needs	2	2	-	2	2	-
Non-public school students	-	-	-	-	-	-
Out of district public - without special needs	1	1	-	1	1	-
Private school disabled - without special needs	7	7	-	7	7	-
Total	<u>60</u>	<u>60</u>	<u>-</u>	<u>60</u>	<u>60</u>	<u>-</u>
Percentage error			<u>0.00%</u>			<u>0.00%</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Excess Surplus Calculation

SECTION 1

2% Calculation of Excess Surplus

2019 - 2020 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$ 3,651,333 (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1c)
		-
		(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	423,436	(B2a)
Assets Acquired Under Capital Leases	<u>-</u>	(B2b)
Adjusted 2019 - 2020 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 3,227,897</u>	(B3)
2% of Adjusted 2019 - 2020 General Fund Expenditures [(B3) Times .02]	\$ 64,558	(B4)
Enter Greater of (B4) or \$250,000	250,000	(B5)
Increased by: Allowable Adjustment	<u>49,072</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$ 299,072</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 754,356	(C)
Decreased by:		
Year-End Encumbrances	19,363	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)
Legally Restricted - Excess Surplus-Designated for Subsequent Year's Expenditures	-	(C3)
Other Restricted Fund Balances	402,720	(C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>-</u>	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 332,273</u> (U)

HAMPTON BOROUGH SCHOOL DISTRICT
Excess Surplus Calculation (continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U)-(M)] if Negative Enter -0-	\$ 33,201	(E)
<hr/>		
Recapitulation of Excess Surplus as of June 30, 2020		
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -	(C3)
Restricted Excess Surplus	33,201	(E)
	<hr/>	
Total [(C3) + (E)]	\$ 33,201	(D)
	<hr/>	

Detail of Allowable Adjustments

Impact Aid	\$ -	(H)
Sale and Lease Back	-	(I)
Extraordinary Aid	49,072	(J1)
Additional Nonpublic Transportation Aid	-	(J2)
	<hr/>	
Total Adjustments	\$ 49,072	(K)
	<hr/>	

Detail of Other Restricted Fund Balance

Approved Unspent Separate Proposal	\$ -	
Unspent Capital Outlay SGLA	-	
Sale/Lease - Back Reserve	-	
Capital Reserve	265,362	
Maintenance Reserve	134,506	
Emergency Reserve	2,852	
Other Reserves	-	
Other State/Government Mandated Reserve	-	
	<hr/>	
Total Other Restricted Fund Balance	\$ 402,720	(C4)
	<hr/>	

BKC, CPAs, PC

BKC, CPAs, PC

MA

Michael A. Holk, CPA, PSA
 NO. 20CS00265600

HAMPTON BOROUGH SCHOOL DISTRICT
June 30, 2020

* * * * *

Acknowledgment

Should any questions arise as to our comments, please do not hesitate to call us.

We desire to express our appreciation for the assistance and courtesies rendered by the school officials and employees during the course of the examination.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

No. 20CS00265600

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

Recommendations:

1. Administrative Practices and Procedures

2020-001

The District should implement procedures to reduce the risk in connection with a lack of segregation of duties.

2. Financial Planning, Accounting and Reporting

2020-002

Required payment procedures should be followed.

2020-003

Health and dental invoices and withholdings should be checked for accuracy.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

2020-004

The District should ensure that registers prepared in connection with the ASSA report are in agreement with amounts reported.

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

HAMPTON BOROUGH SCHOOL DISTRICT

June 30, 2020

9. Miscellaneous

2020-005

The Corrective Action Plan must address all findings contained in the Comprehensive Annual Financial Report and the Auditor's Management Report and specific board action and disposition of each audit recommendation must be duly noted in the minutes of the board.

2020-006

Additional care should be taken to ensure minute approvals and budget appropriations agree with support.

10. Status of Prior Year Audit Findings/Recommendations

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following:

2019-001 The District should implement procedures to reduce the risk in connection with a lack of segregation of duties.

2019-003 Approval signatures for goods and services are to be obtained for all payments.

2019-004 The District should ensure that registers prepared in connection with the ASSA report are in agreement with amounts reported.