

HOPATCONG BOROUGH  
SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

HOPATCONG BOROUGH SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
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200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

January 12, 2021

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, 2020, and have issued our report thereon dated January 12, 2021.

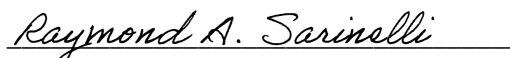
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated January 12, 2021, on the financial 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.

January 12, 2021  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

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
Jeffrey Hallenbeck	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

Finding:

The New Jersey Office of the State Comptroller is performing an audit of the Hopatcong Borough School District. The audit was initially conducted to review the operations of the Sussex County Regional Cooperative operated by the District and was expanded to include certain accounting records/processes. A report has not been issued by the New Jersey Office of the State Comptroller as of the date of this report.

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicate a discrepancies with respect to signatures, certification or supporting documentation except as noted below.

Finding:

During our review of claims paid, it was noted that not all purchase orders are approved prior to the order of the related goods or services.

Recommendation:

It is recommended that the purchase orders are approved prior to the order of the related goods and services.

Management's Response:

The District will make every effort to ensure that the proper purchasing procedures are followed.

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.

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

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.

Finding:

During our review of the Payroll Agency account, it was noted that not all transactions were properly recorded, and an accurate analysis of balance was not prepared.

Recommendation:

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

Management's Response:

The Business Administrator will ensure all transactions are properly recorded 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 the Payroll Agency Account and Unemployment Account are accurately recorded.

Management's Response:

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

Finding:

During our review of the Payroll processing function we noted that there was not an adequate segregation of duties in the payroll function of the board's business office.

Recommendation:

It is recommended that the District review its policies and procedures regarding the processing of payroll and ensure an adequate segregation of duties with respect to payroll.

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Management's Response:

The District will review and update policies and procedures, as necessary to ensure there is an adequate segregation of duties. Further, management will evaluate the segregation of duties annually.

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.

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 except as noted below.

Finding:

The District did not obtain County Superintendent approval for a transfer to the Capital Outlay line item account for Durban Avenue and Middle School playgrounds. County Superintendent approval is required for any transfers to Capital Outlay line items other than equipment.

Recommendation:

It is recommended that the District obtain County Superintendent approval for transfers to any Capital Outlay line items other than equipment.

Management's Response:

The District will ensure it obtains County Superintendent approval for transfers to any Capital Outlay line items other than equipment.

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 below.

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Treasurer's Records (Cont'd)

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 for the Operating Fund and Payroll accounts.

Recommendation:

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 reconciliations for the Operating Fund and Payroll accounts.

Management's Response:

Management will continue to review all bank reconciliations and clear the non-material unsupported or invalid reconciling items. Additionally, management will pursue all possible means of ensuring monthly bank reconciliations are properly recorded.

Day Plus Program – Enterprise Fund

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Day Plus Program Enterprise 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:

During our review of the Day Plus Program, it was noted that although the Day Plus Program was terminated there are still monies remaining in the Day Plus Program bank account.

Recommendation:

It is recommended that the District close the Day Plus Program bank account.

Management's Response:

The District will ensure it closes the Day Plus Program bank account.

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, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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.

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, 2020. The reimbursement form was reviewed, without exception.

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 . . . ."



HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids

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.

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.

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 costs applicable to the emergency operations.

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.

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Student Body Activities (Cont'd)

Management Suggestion:

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, however the amounts involved were not material to the financial statements. We suggest these policies and procedures be communicated district-wide and management review Student Activity accounts on a periodic basis to ensure they are followed.

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 participating district's students. Based on these procedures, we have no comments except as noted herein.

Finding:

During our review of the Transportation Enterprise Fund it was noted that the by-laws, and policies and procedures regarding the operation of the Transportation Enterprise Fund and its relationship with the District have not been updated in several years.

Recommendation:

It is recommended that the District review and update all policies and procedures related to the Transportation Enterprise Fund, as well as the by-laws, specifically as they relate to the relationship between the Transportation Enterprise Fund and the District.

Management Response:

The District will review and update its policies and procedures, as well as the bylaws of the Transportation Enterprise Fund.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2019 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 minor exceptions. The information that was included on the workpapers was verified on a test basis with minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent. The District has adequate written procedures for the recording of student enrollment data.

HOPATCONG BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2019/2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. 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)

Management Suggestions:

Governmental Accounting Standards Board (GASB) Statements

Due to COVID-19, the GASB postponed the implementation of GASB Statement No. 84, *Fiduciary Activities*, until the fiscal year ended June 30, 2021. Based on guidance from the NJ Department of Education and GASB, the activity for student activities, payroll agency, unemployment compensation trust, flexible spending trust and private purpose scholarship trust funds will no longer be reported in the Fiduciary Fund financial statements. This activity will now be reported in the General (payroll agency, flexible spending and unemployment compensation) and Special Revenue (student activities and scholarship) Funds.

Effect on Internal Controls due to COVID-19

With the increase in employees working remotely due to COVID-19 especially those in the Business Office it is vital that the District routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding analysis of balance, procedures regarding the Unemployment Account, and bank reconciliations have not been resolved 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, 2019

	2020-2021 Application for State School Aid											
	Reported on A.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Sample for Verification Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Kindergarten	95		96		(1)		96		95		1	
Grade One	114		114				114		114			
Grade Two	91		91				91		91			
Grade Three	88		88				88		88			
Grade Four	100		100				100		100			
Grade Five	103		103				103		103			
Grade Six	102		104		(2)		104		102		2	
Grade Seven	99		101		(2)		101		99		2	
Grade Eight	90		90				90		90			
Grade Nine	73		73				73		73			
Grade Ten	79		79				79		79			
Grade Eleven	66		66				66		66			
Grade Twelve	82		83		(1)		83		82		1	
Subtotal	1,182		1,188		(6)		1,188		1,182		6	
Special Ed - Elementary	145		73		72		15		15			
Special Ed - Middle School	76		96		(20)		8		8			
Special Ed - High School	94		143		(49)		9		9			
Subtotal	315		312				32		32			
Totals	1,497		1,500		(6)		1,220		1,214		6	
Percentage Error					0.40%						0.49%	0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	Private Schools for Disabled				Resident Low Income				
	Reported on A.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten									
Grade One					30	30	3	3	
Grade Two					26	26	2	2	
Grade Three					21	21	2	2	
Grade Four					19	19	2	2	
Grade Five					27	27	2	2	
Grade Six					18	19	2	2	
Grade Seven					29	30	3	3	
Grade Eight					20	21	2	2	
Grade Nine					23	22	(1)	2	
Grade Ten					19	19	2	2	
Grade Eleven					26	26	2	2	
Grade Twelve					17	17	2	2	
Subtotal					22	22	2	2	
					297	299	2	28	
Special Ed - Elementary	1	1	1		48	30	18	3	3
Special Ed - Middle School	2	1	1		33	32	1	3	3
Special Ed - High School	8	2	2		33	51	(18)	3	3
Subtotal	11	4	4		114	113	1	9	
Totals	11	4	4		411	412	3	37	37
Percentage Error							0.73%		0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	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
Full Day Kindergarten	2	2				
Grade One	2	3	(1)	1	1	
Grade Two	3	3		1	1	
Grade Three	1	1				
Grade Four	4	4		1	1	
Grade Seven	1	1		1	1	
Grade Eight	1	1				
Grade Nine	1	1				
Grade Ten	1	1				
Grade Eleven	1	1		1	1	
Grade Twelve	1	1				
Subtotal	<u>18</u>	<u>19</u>	<u>(1)</u>	<u>5</u>	<u>5</u>	<u>0</u>
Special Ed - Elementary	2	2		1	1	
Special Ed - Middle School	1	1				
Subtotal	<u>3</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u><u>21</u></u>	<u><u>22</u></u>	<u><u>(1)</u></u>	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>0</u></u>
Percentage Error			<u><u>-4.76%</u></u>			<u><u>0.00%</u></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	4	4		1	1	
Grade One	3	4	1	1	1	
Grade Three	1	1		1	1	
Grade Four	2	2		1	1	
Grade Six	1	1				
Grade Nine	1	1				
Grade Ten	1	1				
Grade Eleven	1	1		1	1	
Subtotal	<u>14</u>	<u>15</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>0</u>
Special Ed - Elementary	3	2	1	1	1	
Special Ed - Middle School		1	(1)			
Subtotal	<u>3</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u><u>17</u></u>	<u><u>18</u></u>	<u><u>1</u></u>	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>0</u></u>
Percentage Error			<u><u>5.88%</u></u>			<u><u>0.00%</u></u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	<u>Transportation</u>					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	458	458		25	25	
Regular - Special Education	73	73		8	8	
Transported - Non Public	24	24		3	3	
AIL - Non Public	87	87		9	9	
Special Needs - Public	31	31		3	3	
Special Needs - Private	8	8		2	2	
Totals	<u>681</u>	<u>681</u>	<u>-0-</u>	<u>50</u>	<u>50</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	6.2	6.2
Average Mileage - Regular Excluding Grade PK Students	6.2	6.2
Average Mileage - Special Education with Special Needs	11.0	11.0

HOPATCONG BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$39,739,527</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>\$ 5,681,975</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$34,057,552</u> (B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	<u>\$ 681,151</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 681,151</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 145,013</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 826,164</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/20 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 6,302,279</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 726,955</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,073,203</u> (C3)
Other Restricted Fund Balance	<u>\$ 1,576,364</u> (C4)
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	<u>\$ 1,049,593</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,876,164</u> (U1)



HOPATCONG BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 1,050,000 (E)

**Recapitulation of Excess Surplus as of June 30, 2020**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,073,203 (C3)

Restricted Excess Surplus [(E)] \$ 1,050,000 (E)

Total [(C3)+(E)] \$ 2,123,203 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 138,053 (J1)

Additional Nonpublic School Transportation Aid \$ 6,960 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 145,013 (K)

**Detail of Other Restricted Fund Balance**

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,500,328

Maintenance Reserve \$ 76,036

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 \$ 1,576,364 (C4)

HOPATCONG BOROUGH SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2020

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - a) The purchase orders are approved prior to the order of goods and services.
  - b) That all transactions be properly recorded, and an accurate analysis of payroll balance should be prepared. The analysis should be reviewed on a monthly basis to ensure proper payment.
  - c) Management review the procedures for the Unemployment Account and ensure that the Payroll Agency Account and Unemployment Account are accurately recorded.
  - d) The District review its policies and procedures regarding the processing of payroll and ensure an adequate segregation of duties with respect to payroll.
  - e) The bank reconciliations be reviewed and that only reconciling items that can be properly supported and validated appear on the bank reconciliations for the Operating Fund and Payroll accounts.
  - f) The District obtain County Superintendent approval for transfers to any Capital Outlay line items other than equipment.
  - g) The District close the Day Plus Program bank account.
3. School Purchasing Program  
None
4. Enterprise Funds  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  

The District review and update all policies and procedures related to the Transportation Enterprise Fund, as well as the by-laws, specifically as they relate to the relationship between the Transportation Enterprise Fund and the District.

HOPATCONG BOROUGH SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

8. Facilities and Capital Assets

None

9. Travel Expense and Reimbursement Policy

None

10. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding analysis of balance, procedures regarding the Unemployment Account, bank reconciliations and student activities have not been resolved and are included in this audit.