

**HOPATCONG BOARD OF EDUCATION**

**SYNOPSIS OF AUDIT**

**FOR THE YEAR ENDED**

**JUNE 30, 2016**

HOPATCONG BOARD OF EDUCATION  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 AS OF JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,151,630		\$ 4,151,630
Due from Other Funds	34,814		34,814
Receivables, Net			
Receivables from Other Governments	88,037	\$ 109,164	197,201
Other Receivables	26,599	-	26,599
Prepaid Item	105,627	-	105,627
Total Assets	<u>\$ 4,406,707</u>	<u>\$ 109,164</u>	<u>\$ 4,515,871</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 326,060	\$ 52,089	\$ 378,149
Due to Other Funds	50,316	34,814	85,130
Unearned Revenue	-	22,261	22,261
Total Liabilities	<u>376,376</u>	<u>109,164</u>	<u>485,540</u>
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Prepaid Item	105,627		105,627
<b>Restricted</b>			
Capital Reserve	602,075		602,075
Capital Reserve - Designated for Subsequent			
Year's Expenditures	941,975		941,975
Maintenance Reserve	331,541		331,541
Emergency Reserve	50,000		50,000
Excess Surplus	1,162,748		1,162,748
Excess Surplus - Designated for			
Subsequent Year's Expenditures (2016/17 Budget)	698,518		698,518
SBMI - FY14 Cost Settlement	27,383		27,383
<b>Assigned</b>			
Year End Encumbrances	599,021		599,021
Unassigned	(488,557)	-	(488,557)
Total Fund Balances	<u>4,030,331</u>	<u>-</u>	<u>4,030,331</u>
Total Liabilities and Fund Balances	<u>\$ 4,406,707</u>	<u>\$ 109,164</u>	<u>\$ 4,515,871</u>

**HOPATCONG BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

- \* 1. All purchase orders contain a receipt of goods/services certification prior to payment.
- \* 2. Internal controls over travel and expense reimbursements be reviewed and enhanced to ensure a travel maximum is properly approved by Board resolution and post travel reports are obtained and attached to a reimbursement request.
- 3. Year end closing procedures be reviewed and enhanced to ensure open purchase orders are complete and properly classified as accounts payable or encumbrances.
- 4. The monthly and year to date 10% transfer reports be prepared and remitted to the Executive County Superintendent, and specific approval be sought for transfers exceeding the maximum allowable amount.
- 5. Internal controls be enhanced to ensure cash balances are monitored to prevent cash overdrafts from occurring.

**III. School Purchasing Program**

It is recommended that:

- \* 1. Bids and/or quotations be obtained whenever a purchase exceeds the limit set forth by the Public School Contracts Law.
- \* 2. Business Registration and Political Contribution Disclosure Forms be on file when required.
- 3. All contracts/purchases in excess of the bid threshold made under cooperative purchasing contracts be approved by Board resolution.
- 4. All bid documents be available for audit.
- 5. All professional service contracts be advertised when awarded.
- 6. State contract and cooperative agreements vendor files be maintained, supporting and documenting information related to the applicable cooperative purchases and state contracts utilized by the District.
- 7. Notification be provided to the Office of the State Comptroller of all contracts awarded by the District for Sussex Regional Cooperative Transportation Services which exceed \$2 million in accordance with N.J.S.A. 52:15C-10.

**IV. School Food Services**

There are none.

**V. Day Plus Program**

There are none.

**HOPATCONG BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>			
<b>Local Sources</b>			
Property Tax Levy	\$ 24,391,299		\$ 24,391,299
Interest Earned on Investments	8,442		8,442
Tuition	4,895		4,895
Miscellaneous	161,096	-	161,096
<b>Total - Local Sources</b>	<u>24,565,732</u>	<u>-</u>	<u>24,565,732</u>
State Sources	15,334,229	\$ 35,000	15,369,229
Federal Sources	58,141	947,071	1,005,212
<b>Total Revenues</b>	<u>39,958,102</u>	<u>982,071</u>	<u>40,940,173</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Regular Instruction	15,724,256	51,549	15,775,805
Special Education Instruction	6,490,743	648,785	7,139,528
Other Special Instruction	372,242	226,868	599,110
Other Instruction	1,136,255		1,136,255
<b>Support Services</b>			
Student and Instructional Related Services	5,338,727	54,869	5,393,596
School Administrative Services	2,244,565		2,244,565
General Administrative Services	879,633		879,633
Central Services/Admin. Info. Technology	920,438		920,438
Plant Operations and Maintenance	4,328,837		4,328,837
Pupil Transportation	2,060,157		2,060,157
<b>Debt Service</b>			
Principal	100,152		100,152
Interest and Other Charges	12,976		12,976
Capital Outlay	396,338	-	396,338
<b>Total Expenditures</b>	<u>40,005,319</u>	<u>982,071</u>	<u>40,987,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(47,217)</u>	<u>-</u>	<u>(47,217)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	8,605	-	8,605
<b>Total Other Financing Sources (Uses)</b>	<u>8,605</u>	<u>-</u>	<u>8,605</u>
<b>Net Change in Fund Balances</b>	<u>(38,612)</u>	<u>-</u>	<u>(38,612)</u>
Fund Balance, Beginning of Year	<u>4,068,943</u>	<u>-</u>	<u>4,068,943</u>
Fund Balance, End of Year	<u>\$ 4,030,331</u>	<u>\$ -</u>	<u>\$ 4,030,331</u>

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

**VI. Student Body Activities**

It is recommended that:

- \* 1. Proper supporting documentation for all student activity receipts and disbursements be maintained and available for audit.
- \* 2. Prenumbered receipts should be utilized for all accounts and include the proper composition of the deposit (checks vs. cash).
- \* 3. Expenses should only be for student activity or athletic related expenses.
- \* 4. All checks issued should contain at least two authorization signatures.
- \* 5. Outstanding checks should be reviewed and cleared of record.
- \* 6. Bank reconciliations contain only valid reconciling items.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

It is recommended that all current year additions and prior year adjustments be properly reflected in the district's capital asset inventory.

**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 the items denoted with an asterisk (\*).