

HOPATCONG BOROUGH
SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

HOPATCONG BOROUGH SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
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Independent Member
BKR International

December 17, 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, 2021, and have issued our report thereon dated December 17, 2021.

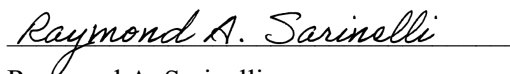
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated December 17, 2021, on the financial 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.

December 17, 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, 2021

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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 2021-012:

The New Jersey Office of the State Comptroller performed an audit of the Hopatcong Borough School District for period of July 1, 2017 through June 30, 2020. The report has subsequently been issued on September 30, 2021. The report contained 11 recommendations to improve the District's operation and its compliance with applicable statutes and regulations. The District has since developed a Corrective Action Plan that has been submitted and approved by the State Comptroller's office. The District is currently implementing the corrective action plan.

Examination of Claims

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

Finding 2021-002:

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 and not all required documentation and signatures are obtained. It was also noted that certain purchase orders were not classified properly and that certain expenditures were charged to the incorrect account.

Recommendation:

It is recommended that purchase orders are reviewed and approved prior to the order of the related goods and services and that all purchase orders and expenditures are reviewed to ensure they are properly classified and charged to the proper account.

Management's Response:

The District will make every effort to ensure that the proper purchasing procedures are followed including a review for propriety of charge.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Chief School Administrator and certified by the President of the Board and the School Business Administrator and the Chief School Administrator.

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

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

Finding 2021-001:

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.

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.

Finding 2021-003:

During our audit, we noted that as of June 30, 2021 several checks totaling \$12,317 have been outstanding over a year in the Net Payroll Account, additionally we noted that a couple of items on the Net Payroll outstanding check listing are not valid. The district has begun to take corrective action of the Net Payroll bank reconciliation and outstanding check list.

Recommendation:

It is recommended that the District continue to implement corrective action over the Net Payroll account by continuing to review all outstanding checks and ensure that only valid outstanding checks appear on the bank reconciliations.

Management's Response:

The Business Administrator and Treasurer have reviewed all outstanding checks that have been outstanding for over a year in the Net Payroll Account and will make the determination whether to cancel or reissue those checks, and ensure that only valid outstanding checks appear on the bank reconciliation in the future.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

Finding 2021-004:

During our review of approved account signatures, it was noted that the Teacher Summer Pay and Student Projects account was not approved in the minutes upon creation of the account.

Recommendation:

It is recommended that all District accounts are approved by the board prior to their creation and authorized signatures are approved annually.

Management's Response:

The District will approve all accounts by the board prior to their creation and authorized signatures will be approved annually.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

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, minor errors were noted, 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 on the following page.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Finding 2021-005:

During our testing, we noted that receipts collected in General Fund and Cafeteria Fund were not posted to the accounting software in a timely and consistent manner.

Recommendation:

It is recommended that the District post receipts to the accounting software in a timely and consistent manner.

Management's Response:

Management will post receipts to the accounting software in a timely and consistent manner.

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.

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.

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.

Finding 2021-006:

During our review of reimbursable grants, it was noted that certain grant funds were requested prior to the District expending the funds, while reimbursement requests for other grants were not submitted throughout the year.

Recommendation:

It is recommended that greater care be taken in preparing reimbursement requests to ensure that only funds which have been expended are requested for reimbursement, and that reimbursements are requested in a more timely manner.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

Management's Response:

The Business Administrator will reconcile all reimbursement requests to actual funds expended before submitting a reimbursement request.

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, 2021. 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"

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600 for 2020-21.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

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 inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP Loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA if the FSMC received a PPP loan.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Food Service (Cont'd)

Finding 2021-007:

Net cash resources of the Food Service Fund exceeded three months average expenditures as of June 30, 2021 by \$35,492. Due to the COVID-19 Pandemic, State and Federal subsidies significantly increased as a result of the Summer Seamless Option. The District will look into ways to address the excess. For these reasons, no formal recommendation is judged to be warranted.

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 provide specific assurance on the condition of the records. During the year ended June 30, 2021 the Day Plus Program was closed out to the General Fund by Board resolution.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities 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 the comments noted below.

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.

Finding 2021-008:

During our audit, we noted several checks totaling \$21,805 have been outstanding over a year in the Student Activities Account.

Recommendation:

It is recommended that the District review all checks which have been outstanding for over a year in the Student Activities Account for possible cancellation or reissuance.

Management's Response:

The School Business Administrator has reviewed all checks which have been outstanding for over a year in the Student Activities Account and will make the determination whether to cancel or reissue those checks.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Transportation

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

Finding 2021-009:

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.

Finding 2021-010:

During our review of the Transportation Enterprise Fund it was noted the COOP's invoicing system receivable was not reconciled with the receivable recorded in the District's accounting records.

Recommendation:

It is recommended that the District periodically reconcile the Transportation Enterprise Fund receivable between COOP's invoicing system and the District's accounting records.

Management Response:

The District periodically reconcile the Transportation Enterprise Fund receivable between COOP's invoicing system and the District's accounting records.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2020 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.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Application for State School Aid (Cont'd)

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 2020/2021 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 purchase buses. A review of bid specifications for the purchase of buses for compliance with applicable statutes revealed there were no exceptions.

Facilities and Capital Assets

Finding 2021-011:

During our review of the District's capital asset appraisal report, it was noted that the original acquisition cost and the year acquired for several items has changed since the last appraisal was done in 2019.

Recommendation:

It is recommended that the District request the fixed asset appraisal company to report all assets at their original acquisition cost and actual year acquired and provide a recapitulation of the current year ending balance from the prior year ending balance.

Management Response:

The District will request the fixed asset appraisal company to report all assets at their original acquisition cost and actual year acquired and provide a recapitulation of the current year ending balance from the prior year ending balance.

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.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

GASB Statement No. 87, *Leases*, is effective for the fiscal year ended June 30, 2022. Under this statement, the District will be required to recognize a lease liability and an intangible right-to-use asset for each lease agreement with a lease term in excess of 12 months. This statement will enhance the comparability of financial statements among governments by requiring the reporting of leases under a single model. Additionally, certain leases that are currently not reported will be under this statement.

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Sick and Vacation Leave

It is suggested that the District consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding purchase order being approved prior to ordering, payroll segregation of duties, and Transportation Enterprise Funds By Laws have not been resolved and are included in the current year report.

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

	2021-2022 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.A.		Workpapers				Selected from		Registers		Registers	
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	1		1				1		1			
Half Day Kindergarten	102		102				102		102			
Grade One	89		89				89		89			
Grade Two	101		101				101		101			
Grade Three	90		90				90		90			
Grade Four	89		89				89		89			
Grade Five	91		91				91		91			
Grade Six	95		94		1		94		94			
Grade Seven	106		105		1		105		105			
Grade Eight	102		102				102		102			
Grade Nine	68		68				68		68			
Grade Ten	68		68				68		68			
Grade Eleven	73		73				73		73			
Grade Twelve	70		70				70		70			
Subtotal	1,145		1,143		2		1,143		1,143			
Special Ed - Elementary	125		127		(2)		13		13			
Special Ed - Middle School	67		65		2		6		6			
Special Ed - High School	97		97				9		9			
Subtotal	289		289				28		28			
Totals	1,434		1,432		2		1,171		1,171		0	
Percentage Error					0.14%						0.00%	0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2020

	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					31	31	3	3	
Grade Two					26	26	2	2	
Grade Three					26	26	2	2	
Grade Four					21	21	2	2	
Grade Five					22	22	2	2	
Grade Six					28	28	1	1	
Grade Seven					17	18	3	3	
Grade Eight					27	27	3	3	
Grade Nine					23	21	2	2	
Grade Ten					19	19	3	3	
Grade Eleven					16	16	1	1	
Grade Twelve					20	20	2	2	
Subtotal					19	19	2	2	
					295	294	(1)	28	
Special Ed - Elementary	1	1	1		46	41	5	3	
Special Ed - Middle School					22	21	1	3	
Special Ed - High School	7	2	2		40	39	1	3	
Subtotal	8	3	3		108	101	7	9	
Totals	8	3	3		403	395	6	37	
Percentage Error							1.49%		0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

	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	1	1				
Grade One	2	2				
Grade Two	2	2		1	1	
Grade Three	1	1		1	1	
Grade Five	1	1		1	1	
Grade Seven	1	1		1	1	
Grade Eight	1	1		1	1	
Grade Ten	3	3				
Grade Eleven	3	3				
Grade Twelve	1	1		1	1	
Subtotal	<u>16</u>	<u>16</u>		<u>6</u>	<u>6</u>	<u>0</u>
Special Ed - Elementary	2	2		1	1	
Subtotal	<u>2</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u>18</u>	<u>18</u>		<u>7</u>	<u>7</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	1	1		1	1	
Grade One	3	3		1	1	
Grade Two	3	3		1	1	
Grade Three	3	3		1	1	
Grade Four	1	1		1	1	
Grade Five	1	1				
Subtotal	<u>12</u>	<u>12</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
Special Ed - Elementary	2	2	0	1	1	
Subtotal	<u>2</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u>14</u>	<u>14</u>		<u>6</u>	<u>6</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	430	430		25	25	
Regular - Special Education	59	59		6	6	
Transported - Non Public	47	47		6	6	
AIL - Non Public	50	50		7	7	
Special Needs - Public	27	27		5	5	
Special Needs - Private	6	6		2	2	
Totals	619	619	-0-	51	51	-0-
	Percentage Error		0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	6.3	6.3
Average Mileage - Regular Excluding Grade PK Students	6.3	6.3
Average Mileage - Special Education with Special Needs	9.1	9.1

HOPATCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 39,847,365</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>\$ 6,417,392</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ 70,135</u> (B2b)	
Adjusted 2020-21 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 33,359,838</u> (B3)	
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	<u>\$ 1,334,394</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 1,334,394</u> (B5)	
Increased by: Allowable Adjustments	<u>\$ 526,215</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 1,860,609</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/21 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 7,431,401</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 1,249,239</u> (C1)	
Legally Restricted:		
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,050,000</u> (C3)	
Other Restricted Fund Balance	<u>\$ 1,561,298</u> (C4)	
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	<u>\$ 130,553</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 3,440,311</u> (U1)

HOPATCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 1,579,702 (E)

Recapitulation of Excess Surplus as of June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,050,000 (C3)

Restricted Excess Surplus [(E)] \$ 1,579,702 (E)

Total [(C3)+(E)] \$ 2,629,702 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 499,771 (J1)

Additional Nonpublic School Transportation Aid \$ 26,444 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 526,215 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,100,261

Maintenance Reserve \$ 326,136

Emergency Reserve \$ -0-

Tuition Reserve \$ -0-

Other State/Government Mandated Reserve \$ -0-

Unemployment Compensation \$ 134,901

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

Total Other Restricted Fund Balance \$ 1,561,298 (C4)

HOPATCONG BOROUGH SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2021-001: The District review its policies and procedures regarding the processing of payroll and ensure an adequate segregation of duties with respect to payroll.

2021-002: Purchase orders are reviewed and approved prior to the order of the related goods and services and that all purchase orders and expenditures are reviewed to ensure they are properly classified and charged to the proper account.

2021-003: The District continue to implement corrective action over the Net Payroll account by continuing to review all outstanding checks and ensure that only valid outstanding checks appear on the bank reconciliations.

2021-004: All District accounts are approved by the board prior to their creation and authorized signatures are approved annually.

2021-005: The District post receipts to the accounting software in a timely and consistent manner.

2021-006: Greater care be taken in preparing reimbursement requests to ensure that only funds which have been expended are requested for reimbursement, and that reimbursements are requested in a more timely manner.

3. School Purchasing Program

None

4. Enterprise Funds

None

5. Student Body Activities

2021-008: The District review all checks which have been outstanding for over a year in the Student Activities Account for possible cancellation or reissuance.

6. Application for State School Aid

None

HOPATCONG BOROUGH SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

7. Pupil Transportation

2021-009: 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.

2021-010: The District periodically reconcile the Transportation Enterprise Fund receivable between COOP's invoicing system and the District's accounting records.

8. Facilities and Capital Assets

2021-011: The District request the fixed asset appraisal company to report all assets at their original acquisition cost and actual year acquired and provide a recapitulation of the current year ending balance from the prior year ending balance.

9. Travel Expense and Reimbursement Policy

None

10. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding purchase order being approved prior to ordering, payroll segregation of duties, and Transportation Enterprise Funds By Laws have not been resolved and are included in the current year report.