

HOPATCONG BOROUGH
SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

HOPATCONG BOROUGH SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
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November 30, 2022

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, 2022, and have issued our report thereon dated November 30, 2022.

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 November 30, 2022, 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.

November 30, 2022
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, 2022

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 ACFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Susan Dykstra	Treasurer of School Monies	\$ 300,000
Jeffrey Hallenbeck	School Business Administrator/Board Secretary	300,000

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

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

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 2022-002:

During our review of claims paid, it was noted that a number of purchase orders were reclassified from their initial line of appropriation.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Examination of Claims (Cont'd)

Recommendation:

It is recommended that purchase orders are reviewed for proper account charge to ensure they do not need to be reclassified.

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.

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 2022-001:

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 District'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.

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.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 the comment noted below.

Finding 2022-003:

During our review of the District's accounting records, it was noted that certain appropriation transfers were not properly approved by the Board.

Recommendation:

It is recommended that all appropriation transfers be properly approved.

Management's Response:

The District will make every effort to ensure that all appropriation transfers are properly approved.

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 ACFR. This section of the ACFR 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 ACFR.

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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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, 2022. 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 \$20,200 for 2021-22.

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.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Purchasing Programs (Cont'd)

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

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 financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts and meal count records were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company (FMSC) 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 FMSC Cost Reimbursable Fixed Price contract/addendum were reviewed and audited. The FMSC contract includes an operating results provision which guarantees that the food service program will breakeven. The operating results provision has been met. No exceptions were noted.

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. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

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 nonprofit status of the School Food Service Fund. No exceptions were noted.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan and did not use the funds to pay for costs applicable to the Food Service Programs.

Net cash resources did not exceed three months average expenditures.

Time sheets and labor costs provided to the District by the Food Service contractor were reviewed on a test basis without exception. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

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 milk (modify as needed) policy was reviewed for uniform administration throughout the school district. 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. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Non-program foods were not purchased, prepared or offered for sale.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the ACFR.

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.

Finding 2022-004:

During our audit, we noted that receipts collected in the Student Activities Account were not posted to the accounting software in a timely and consistent manner and several checks totaling \$21,805 have been outstanding over a year in the Student Activities Account.

Recommendation:

It is recommended that the District post all receipts collected to the accounting software in a timely and consistent manner and that they review all checks which have been outstanding for over a year in the Student Activities Account for possible cancellation or reissuance.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Student Body Activities (Cont'd)

Management's Response:

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

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.

Management Suggestion:

During our review of the Transportation Enterprise Fund we reviewed the reconciliation of the Transportation Enterprise Fund's invoicing system with the District's accounting records. The Transportation Enterprise Fund and the District have made improvements to their financial reporting systems. However, it is suggested that the District continue to reconcile the Transportation Enterprise Fund billings, revenue and receivables between the Transportation Enterprise Fund'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, 2021 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 a few 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.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2021/2022 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one 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.

HOPATCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Facilities and Capital Assets

Finding 2022-05:

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. Additionally the fixed asset appraisal did not include capital assets acquired during the current year.

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 activity.

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 activity in the current year.

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 Suggestion

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.

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding Net Payroll bank reconciliations, purchase orders being approved prior to ordering, account approvals, reimbursement requests, and Transportation Enterprise fund by-laws and policies and procedures, have all been resolved. The prior year recommendations for payroll segregation of duties, student activities older outstanding checks and fixed assets have not been resolved and are included in the current year report.

HOPATCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Program	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
Severe School Lunch:						
Seamless Summer Option						
September-December 2021	60,177	13,663	13,663	-0-	\$ 4.32	\$ -0-
Seamless Summer Option						
January-June 2022	84,609	32,241	32,241	-0-	\$ 4.56	-0-
Severe School Breakfast:						
Seamless Summer Option						
September-December 2021	12,678	1,142	1,142	-0-	\$ 2.46	-0-
Seamless Summer Option						
January-June 2022	<u>18,245</u>	<u>6,406</u>	<u>6,406</u>	-0-	\$ 2.61	<u>-0-</u>
Total	<u>235,886</u>	<u>64,287</u>	<u>64,287</u>			<u>-0-</u>
Total Net Overclaim						<u>\$ -0-</u>

HOPATCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net Cash Resources:

ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 117,005
B-4		Due from Other Gov'ts	40,459
B-4		Accounts Receivable	
B-4		Inventory	13,035
ACFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Unearned Revenue	<u>(1,059)</u>
Net Cash Resources			<u><u>\$ 169,440 (A)</u></u>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 734,563	
B-5	Less Depreciation	<u>(6,651)</u>	
Adj. Tot. Oper. Exp.			<u><u>\$ 727,912 (B)</u></u>

Average Monthly Operating Expense:

B / 10	\$ 72,791	<u><u>(C)</u></u>
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Three times monthly Average:

3 X C	\$ 218,374	<u><u>(D)</u></u>
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TOTAL IN BOX A	\$ 169,440	(A)
LESS TOTAL IN BOX D	<u>218,374</u>	(D)
NET	<u><u>\$ (48,934)</u></u>	
From above:		
A is greater than D, cash exceeds 3 X average monthly operating expenses		
D is greater than A, cash does not exceed 3 X average monthly operating expenses		
* Inventories are not to be included in total current assets		

HOPATCONG BOROUGH SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.A. On Roll	Shared	Workpapers On Roll	Shared	Full	Shared	Selected from Workpapers	Shared	Full	Shared	Full	Shared
Half Day Kindergarten	96		96				96		96			
Grade One	91		91				91		91			
Grade Two	84		84				84		84			
Grade Three	89		89				89		89			
Grade Four	88		88				88		88			
Grade Five	88		88				88		88			
Grade Six	78		78				78		78			
Grade Seven	98		98				98		98			
Grade Eight	99		99				99		99			
Grade Nine	78		78				78		78			
Grade Ten	76		76				76		76			
Grade Eleven	65		65				65		65			
Grade Twelve	80		80				80		80			
Subtotal	1,110		1,110				1,110		1,110			
Special Ed - Elementary	134		134				12		12			
Special Ed - Middle School	58		58				5		5			
Special Ed - High School	95		95				8		8			
Subtotal	287		287				25		25			
Totals	1,397		1,397		0		1,135		1,135		0	
Percentage Error					0.00%						0.00%	0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2021

	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
Half Day Preschool					0	0			
Full Day Kindergarten					22	22	2	2	
Grade One					30	30	2	2	
Grade Two					23	23	2	2	
Grade Three					23	23	1	1	
Grade Four					18	18	1	1	
Grade Five					16	16	1	1	
Grade Six					21	17	1	1	
Grade Seven					17	16	1	1	(4)
Grade Eight					21	20	2	2	(1)
Grade Nine					14	14	1	1	(1)
Grade Ten					19	19	1	0	1
Grade Eleven					9	9	1	1	
Grade Twelve					18	18	2	1	1
Subtotal					251	245	18	16	(6)
Special Ed - Elementary	1	1	1		46	46	3	3	
Special Ed - Middle School	2	1	1		11	11	2	2	
Special Ed - High School	5	2	2		27	26	2	2	(1)
Subtotal	8	4	4		84	83	7	7	(1)
Totals	8	4	4		335	328	25	23	(7)
Percentage Error					0.00%				-2.09%
									8.00%

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

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	3	3		1	1	
Grade One	2	2				
Grade Two	2	2		1	1	
Grade Three	1	1				
Grade Four	2	2		1	1	
Grade Five	0	0				
Grade Six	1	1				
Grade Seven	0	0				
Grade Eight	1	1				
Grade Ten	1	1				
Grade Eleven	1	1				
Grade Twelve	1	1				
Subtotal	15	15		3	3	0
Special Ed - Elementary	7	7		1	1	
Special Ed - High School	1	1	0			0
Subtotal	8	8	0	1	1	0
Totals	23	23		4	4	
Percentage Error			0.00%			0.00%

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	3	3				
Grade One	0	0				
Grade Two	0	0		1	1	
Grade Three	3	3				
Grade Four	1	1				
Grade Five	1	1		1	1	
Grade Seven	1	1				
Grade Eight	0	0				
Grade Nine	0	0				
Grade Ten	1	1		1	1	
Grade Eleven	1	1				
Grade Twelve	2	2		1	1	
Subtotal	14	14	0	4	4	0
Special Ed - Elementary	2	2	0	1	1	
Subtotal	2	2	0	1	1	0
Totals	16	16		5	5	0
Percentage Error			0.00%			0.00%

HOPATCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	450	450		25	24	1
Regular - Special Education	50	50		5	5	
Transported - Non Public	39	39		4	4	
AIL - Non Public	49	49		5	5	
Special Needs - Public	47	47		5	5	
Special Needs - Private	9	9		1	1	
Totals	644	644	-0-	45	44	1
			0.00%			2.27%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	6.2	6.2
Average Mileage - Regular Excluding Grade PK Students	6.4	6.4
Average Mileage - Special Education with Special Needs	8.4	8.4

HOPATCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$41,820,166</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>\$ 8,205,674</u> (B2a)	
Assets Acquired Under Leases and Financed Purchases	<u> </u> (B2b)	
Adjusted 2021-22 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$33,614,492</u> (B3)	
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	<u>\$ 1,344,580</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 1,344,580</u> (B5)	
Increased by: Allowable Adjustments	<u>\$ 546,429</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 1,891,009</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/22 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 6,055,240</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 651,318</u> (C1)	
Legally Restricted:		
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,579,702</u> (C3)	
Other Restricted Fund Balance	<u>\$ 1,324,436</u> (C4)	
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 2,499,784</u> (U1)

HOPATCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 608,775 (E)

Recapitulation of Excess Surplus as of June 30, 2022

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,579,702 (C3)

Restricted Excess Surplus [(E)] \$ 608,775 (E)

Total [(C3)+(E)] \$ 2,188,477 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 521,301 (J1)

Additional Nonpublic School Transportation Aid \$ 25,128 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 546,429 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 907,472

Maintenance Reserve \$ 249,700

Emergency Reserve \$ -0-

Tuition Reserve \$ -0-

Other State/Government Mandated Reserve \$ -0-

Unemployment Compensation \$ 167,264

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

Total Other Restricted Fund Balance \$ 1,324,436 (C4)

HOPATCONG BOROUGH SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
2022-001: The District review its policies and procedures regarding the processing of payroll and ensure an adequate segregation of duties with respect to the payroll function.

2022-002: 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 do not need to be reclassified.

2022-003: That all appropriation transfers be properly approved.
3. School Purchasing Program
None
4. Enterprise Funds
None
5. Student Body Activities
2022-004: The District post all receipts collected to the accounting software in a timely and consistent manner and that they 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
7. Pupil Transportation
None
8. Facilities and Capital Assets
2022-05: 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 Net Payroll bank reconciliations, purchase orders being approved prior to ordering, account approvals, reimbursement requests, and Transportation Enterprise fund by-laws and policies and procedures, have all been resolved. The prior year recommendations for payroll segregation of duties, student activities bank reconciliations and fixed assets have not been resolved and are included in the current year report.