

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

BOROUGH OF STANHOPE 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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October 31, 2022

The Honorable President and Members
of the Board of Education
Borough of Stanhope 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 Borough of Stanhope School District in the County of Sussex for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 31, 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 October 31, 2022 on the financial statement 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 the recommendations.

This report is intended for the information of the Borough of Stanhope 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.

Nisivoccia LLP
NISIVOCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

BOROUGH OF STANHOPE 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 Moneys, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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> |
|------------------|----------------------------|-----------------|
| Sallyann McCarty | Treasurer of School Monies | \$ 175,000 |
| Debra LeBrun | Business Administrator | 175,000 |

The District has Employee Dishonesty and Faithful Performance coverage for the other District employees not separately bonded through School Alliance Insurance Fund as detailed on Exhibit J-20 of the ACFR.

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 did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

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

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. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

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

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 by the March 15th due date.

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 – General and Administrative

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. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included reviewing administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, no 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.

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. No exceptions were noted.

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

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

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

Other Special Federal and/or State Projects

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.

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.

TPAF 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 were noted.

TPAF Reimbursement to 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 and no exceptions were noted.

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"

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

School Purchasing Programs

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

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.

As per N.J.S.A. 18A:18A-3(a), the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$44,000.

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. Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A: 184-5.

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.

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.

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

School Food Service (Cont'd)

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the ACFR 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 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.

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 no comments.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income students and bilingual education. 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 without exception.

The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments. The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our audit procedures included a test of on-roll status reported on 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 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. No exceptions were noted in our review of transportation related purchases of goods and services.

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

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 separately that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted in our testing.

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

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.

Treasurer's Records

During our review of District's June 30th bank reconciliations, it was noted that the general operating account contained several older reconciling items still outstanding as of June 30, 2022. It is suggested that older reconciling items on the general operating account bank reconciliation be reviewed for possible cancellation.

Follow-up on Prior Year Findings

The prior year recommendations regarding canceling older reconciling items in the net payroll account and deficit balances in the payroll agency account has been resolved.

BOROUGH OF STANHOPE SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
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 | |
| | On Roll | Shared | On Roll | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared |
| Half Day Preschool - 3 yr | 3 | | 3 | | | | 3 | | 3 | | | |
| Full Day Preschool - 4 yr | 7 | | 7 | | | | 7 | | 7 | | | |
| Full Day Kindergarten | 25 | | 25 | | | | 25 | | 25 | | | |
| Grade One | 29 | | 29 | | | | 29 | | 29 | | | |
| Grade Two | 27 | | 27 | | | | 27 | | 27 | | | |
| Grade Three | 30 | | 30 | | | | 30 | | 30 | | | |
| Grade Four | 21 | | 21 | | | | 21 | | 21 | | | |
| Grade Five | 25 | | 25 | | | | 25 | | 25 | | | |
| Grade Six | 18 | | 18 | | | | 18 | | 18 | | | |
| Grade Seven | 22 | | 22 | | | | 22 | | 22 | | | |
| Grade Eight | 26 | | 26 | | | | 26 | | 26 | | | |
| Subtotal | 233 | | 233 | | | | 233 | | 233 | | | |
| Special Education: | | | | | | | | | | | | |
| Elementary School | 41 | | 41 | | | | 4 | | 4 | | | |
| Middle School | 24 | | 24 | | | | 3 | | 3 | | | |
| Subtotal | 65 | | 65 | | | | 7 | | 7 | | | |
| Totals | 298 | -0- | 298 | -0- | -0- | -0- | 240 | -0- | 240 | -0- | -0- | -0- |
| Percentage Error | | | | | 0.00% | 0.00% | | | | | 0.00% | 0.00% |

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

| | Private Schools for Handicapped | | | | Resident Low Income | | | | |
|-----------------------|-------------------------------------|-------------------------|-----------------|---------------|--------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------|
| | Reported on ASSA as Private Schools | Sample for Verification | Sample Verified | Sample Errors | Reported on ASSA 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 | | | | | 3 | 3 | 1 | 1 | |
| Grade Two | | | | | 5 | 5 | 2 | 2 | |
| Grade Three | | | | | 1 | 1 | | | |
| Grade Four | | | | | 2 | 2 | 1 | 1 | |
| Grade Five | | | | | 2 | 2 | 1 | 1 | |
| Grade Six | | | | | | | | | |
| Grade Seven | | | | | | | | | |
| Grade Eight | | | | | 1 | 1 | | | |
| Subtotal | | | | | 14 | 14 | 5 | 5 | |
| Special Education: | | | | | | | | | |
| Elementary School | | | | | 7 | 7 | 2 | 2 | |
| Middle School | | | | | 9 | 9 | 2 | 2 | |
| Subtotal | | | | | 16 | 16 | 4 | 4 | |
| Totals | -0- | -0- | -0- | -0- | 30 | 30 | 9 | 9 | -0- |
| Percentage Error | | | | | 0.00% | | 0.00% | | 0.00% |

BOROUGH OF STANHOPE 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 as LEP Low Income | Errors | Sample Selected from Workpapers | Verified to Test Scores, Application and Register | Sample Errors |
| Grade One | 1 | 1 | | 1 | 1 | |
| Grade Five | 1 | 1 | | | | |
| Subtotal | <u>2</u> | <u>2</u> | | <u>1</u> | <u>1</u> | |
| Special Ed - Elementary | | | | | | |
| Special Ed - Middle School | | | | | | |
| Subtotal | | | | | | |
| Totals | <u>2</u> | <u>2</u> | <u>-0-</u> | <u>1</u> | <u>1</u> | <u>-0-</u> |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> |

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

| | 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 | 2 | 2 | | 1 | 1 | |
| Grade Two | 2 | 2 | | 1 | 1 | |
| Grade Three | 1 | 1 | | | | |
| Grade Four | 2 | 2 | | 1 | 1 | |
| Grade Five | 1 | 1 | | 1 | 1 | |
| Grade Eight | 1 | 1 | | | | |
| Subtotal | <u>9</u> | <u>9</u> | | <u>4</u> | <u>4</u> | |
| Special Ed - Elementary | 2 | 2 | | 1 | 1 | |
| Subtotal | <u>2</u> | <u>2</u> | | <u>1</u> | <u>1</u> | |
| Totals | <u><u>11</u></u> | <u><u>11</u></u> | <u><u>-0-</u></u> | <u><u>5</u></u> | <u><u>5</u></u> | <u><u>-0-</u></u> |
| Percentage Error | | | <u><u>0.00%</u></u> | | | <u><u>0.00%</u></u> |

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

| | Transportation | | | | | |
|--------------------------|--------------------------------|-------------------------------------|--------|--------|----------|--------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Regular - Public Schools | 11 | 11 | | 4 | 4 | |
| Transported - Non Public | 3 | 3 | | 2 | 2 | |
| AIL Non- Public | 6 | 6 | | 3 | 3 | |
| Totals | 20 | 20 | -0- | 9 | 9 | -0- |
| Percentage Error | | | 0.00% | | | 0.00% |

| | Reported | Recalculated |
|--|----------|--------------|
| Average Mileage - Regular Including Grade PK Students | 7.0 | 7.0 |
| Average Mileage - Regular Excluding Grade PK Students | 7.0 | 7.0 |
| Average Mileage - Special Education with Special Needs | | |

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

EXCESS SURPLUS CALCULATION AT 6/30/2022

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

| | | |
|---|---------------------|-----------------------|
| 2021-22 Total General Fund Expenditures per the ACFR, Ex. C-1 | \$ 6,851,085 | (B) |
| Increased by: | | |
| Transfer from Capital Outlay to Capital Projects Fund | \$ -0- | (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund | \$ -0- | (B1b) |
| Decreased by: | | |
| On-Behalf TPAF Pension and Social Security | \$ 1,419,333 | (B2a) |
| Assets Acquired Under Leases and Financed Purchases | \$ -0- | (B2b) |
| Adjusted 2021-22 General Fund Expenditures [(B)+(B1's)-(B2's)] | <u>\$ 5,431,752</u> | (B3) |
| 4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04] | <u>\$ 217,270</u> | (B4) |
| Enter Greater of (B4) or \$250,000 | <u>\$ 250,000</u> | (B5) |
| Increased by: Allowable Adjustment | <u>\$ 56,428</u> | (K) |
| Maximum Unassigned Fund Balance [(B5)+(K)] | | <u>\$ 306,428</u> (M) |

SECTION 2

| | | |
|--|--------------|------------------------|
| Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1) | \$ 2,342,274 | (C) |
| Decreased by: | | |
| Year End Encumbrances | \$ 96,427 | (C1) |
| Legally Restricted - Designated for Subsequent Year's Expenditures | \$ -0- | (C2) |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures | \$ 300,000 | (C3) |
| Other Restricted/Reserved Fund Balances | \$ 1,306,272 | (C4) |
| Assigned - Designated for Subsequent Year's Expenditures | \$ 83,147 | (C5) |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | <u>\$ 556,428</u> (U1) |

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

SECTION 3

| | |
|--|-----------------------|
| Reserved Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- | \$ <u>250,000</u> (E) |
|--|-----------------------|

Recapitulation of Excess Surplus as of June 30, 2022

| | |
|---|---------------------------|
| Restricted Excess Surplus - Designated for Subsequent Year's Expenditures | \$ <u>300,000</u> (C3) |
| Restricted Excess Surplus [(E)] | \$ <u>250,000</u> (E) |
| Total [(C3)+(E)+(F)] | \$ <u>550,000</u> (D) |

Detail of Allowable Adjustments

| | |
|--|--------------------------|
| Impact Aid | \$ <u>-0-</u> (H) |
| Sale and Lease Back | \$ <u>-0-</u> (I) |
| Extraordinary Aid | \$ <u>54,132</u> (J1) |
| Additional Nonpublic School Transportation Aid | \$ <u>2,296</u> (J2) |
| Total Adjustments ((H)+(I)+(J1)+(J2)) | \$ <u>56,428</u> (K) |

Detail of Other Restricted Fund Balance

| | |
|---|------------------------------|
| Statutory restrictions: | |
| Approved unspent separate proposal | \$ <u>-0-</u> |
| Sale/lease-back reserve | \$ <u>-0-</u> |
| Capital reserve | \$ <u>906,272</u> |
| Maintenance reserve | \$ <u>400,000</u> |
| Emergency reserve | \$ <u>-0-</u> |
| Tuition reserve | \$ <u>-0-</u> |
| Other state/governmental mandated reserve | \$ <u>-0-</u> |
| Other Restricted Fund Balance not noted above | \$ <u>-0-</u> |
| Total Other Restricted Fund Balance | \$ <u>1,306,272</u> (C4) |

BOROUGH OF STANHOPE SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022
(continued)

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None.

6. Application for State School Aid

None

7. Pupil Transportation

None

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 canceling older reconciling items in the net payroll account and deficit balances in the payroll agency account has been resolved.