

HACKETTSTOWN SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

HACKETTSTOWN SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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November 11, 2022

The Honorable President and Members
of the Board of Education
Hackettstown School District
County of Warren, New Jersey

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 Hackettstown School District in the County of Warren for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 11, 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 11, 2022, on the financial statements of the Board.

We will review the status of the comments, if any, during our next audit engagement. We have already discussed any 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 recommendation.

This report is intended for the information of the Hackettstown 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
NISIVOCCIA LLP

Heidi A. Wohlleb

Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, 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>
Timothy Havlusch	Business Administrator	\$ 250,000

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:23-3.1(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.

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.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

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

Salary withholdings were promptly remitted to the proper agencies, including 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.

Year-End 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 year-end encumbrances and accounts payable.

Classification of General and Administrative 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. 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, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. Overall compliance was noted.

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 noted the following:

Finding 2022-001:

During our review of the District's records, it was noted that the District did not obtain County Superintendent approval of transfers to capital outlay line items other than equipment in a timely manner, and that certain Capital Projects Fund lease project expenditures were not recorded in the District's accounting records.

Recommendation:

It is recommended that the District obtain County Superintendent approval of transfers to capital outlay line items other than equipment in a timely manner and that all Capital Projects lease project expenditures are recorded in the District's accounting records.

Management's Response:

The District will make every effort to ensure that County Superintendent approval is obtained for transfers to capital outlay line items other than equipment in a timely manner and that Capital Projects lease project expenditures are recorded in the District's accounting records.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, III and 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.

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 were 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, 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 . . ."

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Purchasing Programs (Cont'd)

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.

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.

In as much 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. 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 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.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

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 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.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan.

Finding 2022-002:

Net cash resources exceeded three months average expenditures by \$64,078. Since the District has a plan in place to utilize the extra net cash resources in the 2022-2023 school year and beyond, no formal recommendation is deemed necessary at this time.

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 priced meals were reviewed for completeness and accuracy. The number of free and reduced priced 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 priced 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 priced 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 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.

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

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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 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 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 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 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 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.

Facilities and Capital Assets

Our procedures included a review of the NJSDA grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities construction.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal travel policy and procedure pertaining to travel expenses and reimbursements for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved by the Board prior to the event and that the approval list the event, total event cost and the individuals attending. Employees and board members attending an event are then required to complete a post event report to be submitted to a designated person within the District. Overall compliance was noted.

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).

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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.

Federal Grant Receivables

It is suggested the federal grant requests for reimbursement are submitted on a regular basis to ensure timely collection, to lessen the impact on cash flow and to ensure full compliance with federal cash management requirements.

SDA Grant Receivables

During our review of SDA grant receivables, it was noted that there are several open projects with large grant receivable balances in the Capital Projects Fund. It is suggested that the District review the status of grant expenditures and submit all of the required project cost documentation to the Schools Development Authority for reimbursement.

Status of Prior Year's Findings/Recommendations

There were no prior year findings or recommendations.

HACKETTSTOWN 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	Workpapers Full	Shared	Registers Full	Shared	Registers Full	Shared
Full Day Preschool 3 Years Old	8		8				8		8			
Full Day Preschool 4 Years Old	13		13				13		13			
Full Day Kindergarten	102		102				102		102			
Grade One	102		102				102		102			
Grade Two	115		115				115		115			
Grade Three	114		114				114		114			
Grade Four	90		90				90		90			
Grade Five	92		92				92		92			
Grade Six	96		96				96		96			
Grade Seven	97		97				97		97			
Grade Eight	97		97				97		97			
Grade Nine	170		170				170		170			
Grade Ten	194		194				194		194			
Grade Eleven	200		200				200		200			
Grade Twelve	164		164				164		164			
Subtotal	1,654		1,654				1,654		1,654			
Special Education:												
Elementary	121		121				9		9			
Middle School	65		65				5		5			
High School	141		141				11		11			
Subtotal	327		327				25		25			
Totals	1,981		1,981				1,679		1,679			
Percentage Error					0.00%						0.00%	0.00%

HACKETTSTOWN 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.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.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					24	24	1	1	1
Grade Two					36	36	2	2	2
Grade Three				1	43	44	2	2	2
Grade Four					53	53	2	2	2
Grade Five					33	33	2	2	2
Grade Six					18	18	1	1	1
Grade Seven					30	30	2	2	2
Grade Eight					25	25	1	1	1
Grade Nine					24	24	1	1	1
Grade Ten					29	29	1	1	1
Grade Eleven					26	26	2	2	2
Grade Twelve					23	23	1	1	1
Subtotal					15	15	1	1	1
					379	380	1	19	19
Special Education:									
Elementary	1				58	58	2	2	2
Middle School	3	1	1		34	34	2	2	2
High School	6	2	2		30	31	1	2	2
Subtotal	10	3	3		122	123	1	6	6
Totals	10	3	3		501	503	2	25	25
Percentage Error							0.40%		0.00%

HACKETTSTOWN 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
Full Day Kindergarten	9	9		1	1	
Grade One	17	17		2	2	
Grade Two	20	20		2	2	
Grade Three	27	27		2	2	
Grade Four	11	11		1	1	
Grade Five	3	3				
Grade Six	6	6		1	1	
Grade Seven	3	3				
Grade Eight	3	3				
Grade Nine	7	7		1	1	
Grade Ten	5	5		1	1	
Grade Eleven	7	7		1	1	
Grade Twelve	3	3		1	1	
Subtotal	121	121		13	13	
Special Ed - Elementary	8	8		1	1	
Special Ed - Middle School	3	2	(1)			
Special Ed - High School	5	5		1	1	
Subtotal	16	15	(1)	2	2	
Totals	137	136	(1)	15	15	
			-0.73%			0.00%

HACKETTSTOWN 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.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	9	9		2	2	
Grade One	6	6		1	1	
Grade Two	3	3				
Grade Four	5	5				
Grade Five	2	2				
Grade Six	3	3				
Grade Seven	4	4				
Grade Nine	9	9		1	1	
Grade Ten	4	4				
Grade Eleven	5	5		1	1	
Grade Twelve	2	1	(1)			
Subtotal	61	60	(1)	6	6	
Special Ed - Elementary	3	3		1	1	
Subtotal	3	3		1	1	
Totals	64	63	(1)	7	7	
Percentage Error			-1.56%			0.00%

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
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	83	83		13	13	
Regular - Special Education	18	18		3	3	
AIL - Non Public	18	18		3	3	
Special Needs - Public	30	30		5	5	
Special Needs - Private	8	8		1	1	
Totals	<u>157</u>	<u>157</u>		<u>25</u>	<u>25</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.4	4.4
Average Mileage - Regular Excluding Grade PK Students	4.4	4.4
Average Mileage - Special Education with Special Needs	8.3	8.3

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

NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM – FEDERAL

<u>Program</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch: (Regular Rate)						
Seamless Summer Option:						
July - December 2021	67,200	14,944	14,944	\$ -0-	\$ 4.32	\$ -0-
January - June 2022	102,837	33,669	33,669	-0-	4.56	-0-
Total	<u>170,037</u>	<u>48,613</u>	<u>48,613</u>			<u>-0-</u>
School Breakfast: (Regular Rate)						
Seamless Summer Option:						
July - December 2021	14,665	4,031	4,031	-0-	\$ 2.46	-0-
January - June 2022	29,171	9,328	9,328	-0-	2.61	-0-
Total	<u>43,836</u>	<u>13,359</u>	<u>13,359</u>			<u>-0-</u>
Total Net Overclaim						<u>\$ -0-</u>

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL COMPLIANCE AND PERFORMANCE
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net Cash Resources:

CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 246,282
B-4		Due from Other Gov'ts	50,270
CAFR		Current Liabilities	
B-4		Less Unearned Revenue	<u>(10,038)</u>
Net Cash Resources			<u><u>\$ 286,514 (A)</u></u>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 782,119
B-5	Less Depreciation	<u>(40,667)</u>
Adj. Tot. Oper. Exp.		<u><u>\$ 741,452 (B)</u></u>

Average Monthly Operating Expense:

B / 10	<u><u>\$ 74,145 (C)</u></u>
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Three times monthly Average:

3 X C	<u><u>\$ 222,436 (D)</u></u>
-------	------------------------------

TOTAL IN BOX A	\$	286,514	(A)
LESS TOTAL IN BOX D		<u>222,436</u>	(D)
NET	\$	<u><u>64,078</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			

HACKETTSTOWN SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures per the CAFR	<u>\$ 43,994,780</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>\$ 365,981</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 8,617,164</u> (B2a)
Assets Acquired Under Leases and Finance Purchases	<u>\$ -0-</u> (B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 35,743,597</u> (B3)
4% of Adjusted 2021-2022 General Fund Expenditures [(B5) times .04]	<u>\$ 1,429,743</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 1,429,743</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 18,319</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 1,448,062</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2022 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,447,310</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 611,815</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C3)
Other Restricted Fund Balances	<u>\$ 1,626,793</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 500,000</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 708,702</u> (U1)

HACKETTSTOWN SCHOOL DISTRICT EXCESS
SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Section 3

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

Recapitulation of Excess Surplus as of June 30, 2022

Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)

Excess Surplus [(E)] \$ -0- (E)

Total [(C3)+(E)] \$ -0- (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 13,099 (J1)

Additional Nonpublic School Transportation Aid \$ 5,220 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)] \$ 18,319 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Capital Outlay for a District with a Capital Outlay SGLA \$ -0-

Sale/Lease-Back Reserve \$ -0-

Capital Reserve \$ 950,000

Maintenance Reserve \$ 581,250

Tuition Reserve \$ -0-

Unemployment Compensation \$ 95,543

Other State/Governmental Mandated Reserve \$ -0-

Emergency Reserve \$ -0-

Total Other Restricted Fund Balance \$ 1,626,793 (C4)

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
Finding 2022-01 – The District obtain County Superintendent approval of transfers to capital outlay line items other than equipment in a timely manner and that all Capital Projects lease project expenditures are recorded in the District’s accounting records.
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. Miscellaneous
None
10. Status of Prior Year’s Findings/Recommendations
None