

**School District of the Chathams  
County of Morris, New Jersey**

**Auditors' Management Report on Administrative Findings–  
Financial, Compliance and Performance**

**June 30, 2023**

Auditors' Management Report on Administrative Findings–  
Financial, Compliance and Performance

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## INDEPENDENT AUDITORS' REPORT

**Honorable President and Members  
of the Board of Education  
School District of the Chathams**

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the School District of the Chathams in the County of Morris for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023.

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 report is intended solely for the information of the School District of the Chathams management and Board members and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 4, 2023

*Scott A. Clelland*

Scott A. Clelland, CPA  
Licensed Public School Accountant, No. 1049

**ADMINISTRATIVE FINDINGS – FINANCIAL,  
COMPLIANCE AND PERFORMANCE**

**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

Fire insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District’s ACFR.

Official Bonds (N.J.S.A.18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Peter Daquila	Business Administrator/Board Secretary	\$310,000
Patricia Sewak	Assistant Business Administrator	\$160,000
John Csatlos	Treasurer of School Moneys	\$360,000

There is a Public Employees’ Faithful Blanket Position Bond covering all other employees with coverage of \$100,000.

*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.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District made a proper adjustment to the billings to sending Districts for the increase or decrease in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

### **Financial Planning, Accounting and Reporting**

#### Examination of Claims

An examination of claims paid during the period indicated no exceptions with respect to signatures, certification or supporting documentation.

#### Payroll Account and Position Control Roster

The net salaries of all 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 Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the Treasurer of school monies with a warrant made to her order for the full amount of each payroll.

An inquiry and subsequent review of the Position Control Roster did not identify any inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

#### Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2023 for proper classification of orders as reserve for encumbrances and accounts payable and the following was identified:

#### *Finding 2023-001:*

Audit adjustments were needed to adjust the accounting records to properly reflect the true balances as of June 30, taking into consideration both the status of the orders at June 30 as well as their subsequent liquidation.

#### *Recommendation:*

We suggest that purchase orders be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be cancelled. Reconciliations of the adjusted June 30 balances for accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

## ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

### 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. 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 selected targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following:

#### *Finding 2023-002*

During our testing of account balances, we noted that interfunds were not always in balance across funds and the accounts receivable subledger was not being reconciled to the general ledger on a monthly basis.

#### *Recommendation:*

We suggest that interfunds be reviewed on a regular basis to ensure they net to zero across all funds and the account receivable subledgers are reconciled to the general ledger monthly.

### Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer did not disclose any exceptions.

### Unemployment Compensation Insurance Trust Fund

The District has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the General Fund. 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 within the Special Revenue Section of the Annual Comprehensive Financial Report (ACFR). This section of the ACFR documents

## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

the financial position pertaining to the projects under Titles I, II, and III of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

### Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (K-4) 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. No exceptions were noted.

### T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursement 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 amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

### Nonpublic State Aid

Our review of the Nonpublic State Aid completion reports disclosed no exceptions.

## **School Purchasing Programs**

### Contracts and Agreements Requiring Advertisement for Bids

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 the bidding for public school transportation contracts under *N.J.S.A. 18A:39-3* is \$20,200 in 2022-23. The District by resolution has appointed the School Business Administrator as a Qualified Purchasing Agent increasing the legal bid threshold to \$44,000.

## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

The District 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 Solicitor's opinion should be sought before a commitment is made.

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

Procedures were performed on a test basis, to indicate if any individual payments, contracts, or agreements were made for the performance of any work or goods or services, 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*, as amended.

### **School Food Service**

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and *N.J.S.A.18A:18A-7*. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

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 appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. None were identified.

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.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (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 all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.



## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the ACFR.

### **Student Body Activities**

During our audit of the student activity funds, the following item was noted:

#### *Finding 2023-003*

During our test of student activity funds, we noted that a District employee was paid a coaching stipend out of a student activity account.

#### *Recommendation:*

We suggest that only expenses related to student activities be paid out of the student activity accounts.

### **Application for State School Aid**

Because the General State Aid cluster was not tested as a major program in the 2023 fiscal year, our audit procedures did not include a test of information reported in the October 14, 2022 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income and bilingual. We did agree the ASSA summary report to the underlying District working papers without exception. We also performed a review of the District procedures related to its completion.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District appears to have adequate written procedures for the recording of student enrollment data.

### **Pupil Transportation**

Because transportation aid was not tested as a major program in the 2023 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2022-2023 District Report of Resident Transported Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. We did agree the DETRS summary report to the underlying District working papers 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

## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

### **Facilities and Capital Assets**

Our procedures included a review of the New Jersey Schools Development Authority (“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. No exceptions were noted.

### **Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to all the requirements of *N.J.A.C. 26-1.2* and *12.4* related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to *N.J.A.C. 6A:26-12.4(g)*.

### **Follow-up on Prior Year’s Findings**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year finding was corrected and not repeated.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2023 fiscal year.

### **Acknowledgment**

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

**SCHEDULE OF AUDITED ENROLLMENTS**

**SCHOOL DISTRICT OF THE CHATHAMS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 14, 2022**

Detailed testing over ASSA, DRTRS, and Non-public transportation was not performed for the fiscal year ended June 30, 2023 as the General State Aid Cluster and Transportation Aid were not tested as major programs in the current year for Single Audit purposes.

	<b><u>2023-2024 Application for State School Aid</u></b>						<b><u>Private Schools for Disabled</u></b>		
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on Workpapers Private Schools	Errors
	Full	Shared	Full	Shared	Full	Shared			
Half Day Preschool	32	-	32	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	96	-	96	-	-	-	-	-	-
Full Day Kindergarten	77	-	77	-	-	-	-	-	-
One	218	-	218	-	-	-	-	-	-
Two	209	-	209	-	-	-	-	-	-
Three	209	-	209	-	-	-	-	-	-
Four	216	-	216	-	-	-	-	-	-
Five	243	-	243	-	-	-	-	-	-
Six	222	-	222	-	-	-	-	-	-
Seven	234	-	234	-	-	-	-	-	-
Eight	268	-	268	-	-	-	-	-	-
Nine	247	-	247	-	-	-	-	-	-
Ten	251	-	251	-	-	-	-	-	-
Eleven	235	1	235	1	-	-	-	-	-
Twelve	282	1	282	1	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-
Subtotal	<u>3,039</u>	<u>2</u>	<u>3,039</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	195	-	195	-	-	-	9	9	-
Special Ed - Middle School	151	-	151	-	-	-	3	3	-
Special Ed - High School	211	3	211	3	-	-	18	19	(1)
Subtotal	<u>557</u>	<u>3</u>	<u>557</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>31</u>	<u>(1)</u>
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-
Totals	<u>3,596</u>	<u>5</u>	<u>3,596</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>31</u>	<u>(1)</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>			<u>3.33%</u>

**SCHEDULE OF AUDITED ENROLLMENTS**

**SCHOOL DISTRICT OF THE CHATHAMS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2022**

Detailed testing over ASSA, DRTRS, and Non-public transportation was not performed for the fiscal year ended June 30, 2023 as the General State Aid Cluster and Transportation Aid were not tested as major programs in the current year for Single Audit purposes.

	Resident Low Income			Resident LEP Low Income		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors
	Half Day Preschool	1	1	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
One	3	3	-	2	2	-
Two	2	2	-	-	-	-
Three	2	2	-	-	-	-
Four	5	5	-	2	2	-
Five	7	7	-	2	2	-
Six	1	1	-	-	-	-
Seven	1	1	-	-	-	-
Eight	5	5	-	-	-	-
Nine	4	4	-	1	1	-
Ten	3	3	-	-	-	-
Eleven	2	2	-	1	1	-
Twelve	2	2	-	-	-	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>38</u>	<u>38</u>	<u>-</u>	<u>8</u>	<u>8</u>	<u>-</u>
Special Ed - Elementary	6	6	-	1	1	-
Special Ed - Middle	5	5	-	-	-	-
Special Ed - High	4	4	-	-	-	-
Subtotal	<u>15</u>	<u>15</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>53</u>	<u>53</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by District	Reported on DRTRS by DOE/county	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	724	724	-			
Reg -SpEd, col. 4	15	15	-			
Transported - AIL, col.2 & Non-Public, col. 3	370	370	-			
Special Ed Spec, col. 6	<u>58</u>	<u>58</u>	<u>-</u>			
Totals	<u>1,167</u>	<u>1,167</u>	<u>-</u>			
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.7	4.7
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	4.7	4.7
Spec Avg. = Special Ed with Special Needs	8.8	8.8

**SCHEDULE OF AUDITED ENROLLMENTS**

**SCHOOL DISTRICT OF THE CHATHAMS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 14, 2022**

Detailed testing over ASSA, DRTRS, and Non-public transportation was not performed for the fiscal year ended June 30, 2023 as the General State Aid Cluster and Transportation Aid were not tested as major programs in the current year for Single Audit purposes.

	<b>Resident LEP NOT Low Income</b>		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors
Half Day Preschool	0	0	-
Full Day Preschool	0	0	-
Half Day Kindergarten	3	3	-
Full Day Kindergarten	3	3	-
One	7	7	-
Two	4	4	-
Three	5	5	-
Four	1	1	-
Five	1	1	-
Six	1	1	-
Seven	-	-	-
Eight	1	1	-
Nine	-	-	-
Ten	-	-	-
Eleven	1	1	-
Twelve	-	-	-
Post-Graduate	-	-	-
Adult H.S. (15+CR.)	-	-	-
Adult H.S. (1-14 CR.)	-	-	-
Subtotal	<u>27</u>	<u>27</u>	<u>-</u>
Special Ed - Elementary	-	-	-
Special Ed - Middle	-	-	-
Special Ed - High	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-
Totals	<u>27</u>	<u>27</u>	<u>-</u>
Percentage Error			<u>0.00%</u>

SCHOOL DISTRICT OF THE CHATHAMS

EXCESS SURPLUS CALCULATION

JUNE 30, 2023

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 93,463,777	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension, PRM, LTD and Social Security	\$ 17,876,697	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2022-23 General Fund Expenditures [(B) + (B1s) - (B2s)]	\$ 75,587,080	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .24]	\$ 1,511,742	(B4)
Enter Greater of (B4) or \$250,000	\$ 1,511,742	(B5)
Increased by: Allowable Adjustment*	\$ 880,000	(K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	\$ 2,391,742	(M)

**SECTION 2**

Total General Fund - Fund Balances at 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 12,324,293	(C)
Decreased by:		
Assigned Year End Encumbrances	\$ 261,395	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		(C3)
Other Restricted Fund Balances****	\$ 7,256,208	(C4)
Assigned Fund Balance-Unreserved- Designated for Subsequent Year's Expenditures	\$ 2,150,117	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 2,656,573	(U1)

**SCHOOL DISTRICT OF THE CHATHAMS**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2023**

**SECTION 3**

Restricted Fund Balance - Excess Surplus ***	
[(U1)-(M)] IF NEGATIVE ENTER -0-	\$ 264,831 (E)

**Recapitulation of Excess Surplus as of June 30, 2023**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Reserved Excess Surplus *** [(E)]	\$ 264,831 (E)
 Total Excess Surplus [(C3)+(E)]	 \$ 264,831 (D)

**\* Detail of Allowable Adjustments**

Impact Aid	\$ - (H)
Sales & Lease-back	\$ - (I)
Extraordinary Aid	\$ 774,678 (J1)
Additional Nonpublic School Transportation Aid	\$ 105,322 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity and State Military Impact Aid Received in July 2023	\$ - (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ 880,000 (K)

\*\* This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2023 ACFR and must agree to Audit Summary Line 90030.

\*\*\*\* Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

SCHOOL DISTRICT OF THE CHATHAMS

EXCESS SURPLUS CALCULATION

JUNE 30, 2023

**Detail of Other Restricted Fund Balance**

**Statutory restrictions:**

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	\$	-
Capital reserve	\$	6,755,000
Emergency reserve	\$	165,005
Maintenance reserve	\$	-
Tuition reserve	\$	-
School Bus Advertising 50% Fuel Offset-current year	\$	-
School Bus Advertising 50% Fuel Offset-prior year	\$	-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	-
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$	-
Other State / government mandated reserve	\$	-
Unemployment compensation	\$	336,203
Total Other Restricted Fund Balance	\$	7,256,208 (C4)



# ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Audit Recommendations Summary  
June 30, 2023

We suggest the following:

## **Administrative Practices and Procedures**

None

## **Financial Planning, Accounting and Reporting**

**Finding 2023-001** - Purchase orders be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be cancelled. Reconciliations of the adjusted June 30 balances for accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

**Finding 2023-002** - Interfunds be reviewed on a regular basis to ensure they net to zero across all funds and the account receivable subledgers are reconciled to the general ledger monthly.

## **School Purchasing Programs**

None

## **School Food Service**

None

## **Student Body Activities**

**Finding 2023-003** - Only expenses related to student activities be paid out of the student activity accounts.

## **Application for State School Aid**

None

## **Pupil Transportation**

None

## **Facilities and Capital Assets**

None

## **Miscellaneous**

None

## **Status of Prior Year Findings**

Corrective action has been implemented on prior year findings.