

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
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Federal Identification Number 46-4868149



Certified Public Accountants, PC

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## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
South Hunterdon Regional School District  
County of Hunterdon, 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 basic financial statements of the South Hunterdon Regional School District in the County of Hunterdon for the fiscal 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 for the information of the South Hunterdon Regional 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.

A handwritten signature in black ink that reads "BKC, CPAs, PC".

**BKC, CPAs, PC**

A handwritten signature in black ink that reads "M A".

Michael A. Holk, CPA, PSA

NO. 20CS00265600

December 4, 2023  
Flemington, New Jersey

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Reconciler of Accounts, 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 Exhibit J-20, Insurance Schedule contained in the School District Annual Comprehensive Financial Report (ACFR). Adequacy of insurance coverage is the responsibility of the Board of Education.

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

Surety bond coverage in force during the period was:

<u>Name of Employee</u>	<u>Position</u>	<u>Amount</u>
Andrew Harris	Secretary/Business Administrator	\$ 210,000

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.

Financial Planning, Accounting and Reporting

Examination of Claims

A review of claims paid during the period under review did indicate discrepancies with respect to signatures, certification or supporting documentation.

Finding 2023-01

Approval signatures and receiving signatures for goods and services were not obtained for all applicable payments.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Financial Planning, Accounting and Reporting (continued)  
Examination of Claims (continued)

**Recommendation**

Approval signatures and receiving signatures certifying goods or services are to be evident on all applicable payment forms.

Payroll Account

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

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

Employee Position Control Roster

A review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g., pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received, and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was evaluated 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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

A review of classification of expenditures during the period under review did not indicate any discrepancies with respect to proper classification.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary not disclose exceptions.

Treasurer or Reconciler of Accounts' Records

Our review of the records of the Reconciler did not disclose any exceptions.

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI 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.

TPAF Reimbursement

Our audit procedures included a test of the 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 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.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Nonpublic State Aid

The District did not receive any Nonpublic State Aid during the fiscal year 2023.

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 therefor, 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 possesses a qualified purchasing agent certificate pursuant to Subsection B. of Section 9 of P.L.1971, c.198 (C.40A:11-9) 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 the 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.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-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 therefor, 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 2022-2023.

In accordance with N.J.S.A. 18A:18A-3A and N.J.A.C. 5:34-5 et. seq. the Board of Education has appointed a Qualified Purchasing Agent which allows the Board of Education to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

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 solicitor's opinion should be sought before a commitment is made.

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. Expenditures were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements 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.

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

Unemployment Compensation Insurance Fund

The Board has adopted the direct reimbursement method and has established an unemployment compensation insurance fund.

School Food Service

The District was 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 District was 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.

The District was 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. No exceptions were noted.

We inquired of management about the public health emergency procedures/practices that the District instituted to provide meals to eligible 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.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

School Food Service (continued)

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a 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 FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract did not include an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. 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.

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 non-profit status of the school food service.

Net cash resources did exceed three months' average expenditures. It has been determined that continued efforts have been made to reduce the cash balance below the three months average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. Reimbursement claims were submitted/certified in a timely manner.

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 free milk policy was reviewed for uniform administration throughout the school system. 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.

USDA Food Distribution Program (food and commodities) were received and a single inventory was maintained on a first-in, first-out basis. 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.

The School District did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Student Body Activities & Athletics

Our review of the records of the student activity and athletic funds did not disclose any exceptions.

Application for State School Aid

We evaluated the information reported in the October 15, 2022 Application for State School Aid (ASSA) for onroll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers. The results of our procedures are presented in the Schedule of Audited Enrollments.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). The results of our procedures are presented in the Schedule of Audited Enrollments. The District should verify that registers and support prepared in connection with the DRTRS report are in agreement with amounts reported.

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.

Facilities and Capital Assets

Our review of facilities and capital assets did not disclose any exceptions.

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 did submit 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 Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Net Cash Resource Schedule**

Net cash resources did exceed three months of expenditures.  
 Proprietary Funds - Food Service  
 For the Fiscal Year Ended June 30, 2023

<u>Net Cash Resources</u>		<u>Food Services Fund</u>	
ACFR Schedule	Current assets		
B-4	Cash & cash equivalents	\$ 202,849	
B-4	Accounts receivable	3,060	
	Current liabilities		
B-4	Less: accounts payable	(14,068)	
B-4	Less: deferred revenue	(4,552)	
	Net cash resources	<u>\$ 187,289</u>	(A)

Net cash resources did exceed three months of expenditures.

Net Adjusted Total Operating Expenses

B-5	Total operating expenses	\$ 469,666	
B-5	Less: depreciation	(12,543)	
	Net adjusted total operating expenses	<u>\$ 457,123</u>	(B)

Average Monthly Operating Expense

(B) / 10	<u>\$ 45,712</u>	(C)
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Three Months of Average Monthly Operating Expense

(C) X 3	<u>\$ 137,137</u>	(D)
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Net cash resources	\$ 187,289	(A)
Three months of average monthly operating expense	<u>137,137</u>	(D)
Excess cash resources	<u>\$ 50,152</u>	

From above:

A is greater than D, cash exceeds three months of average monthly operating expenses.

D is greater than A, cash does not exceed three months of average monthly operating expenses.

Net cash resources did exceed three months of expenditures.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Application for State School Aid Summary**  
**Schedule of Audited Enrollments - Enrollment as of October 15, 2022**

	2023 - 2024 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA Onroll		Reported on Workpapers Onroll		Errors		Sample Selected from Workpapers		Verified per Registers Onroll		Errors per Registers Onroll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 3	17	-	17	-	-	-	5	-	5	-	-	-	-	-	-	-
Half Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 4	17	-	17	-	-	-	4	-	4	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	36	-	36	-	-	-	12	-	12	-	-	-	-	-	-	-
One	33	-	33	-	-	-	10	-	10	-	-	-	-	-	-	-
Two	40	-	40	-	-	-	12	-	12	-	-	-	-	-	-	-
Three	50	-	50	-	-	-	17	-	17	-	-	-	-	-	-	-
Four	31	-	31	-	-	-	10	-	10	-	-	-	-	-	-	-
Five	38	-	38	-	-	-	13	-	13	-	-	-	-	-	-	-
Six	44	-	44	-	-	-	13	-	13	-	-	-	-	-	-	-
Seven	47	-	47	-	-	-	20	-	20	-	-	-	-	-	-	-
Eight	46	-	46	-	-	-	13	-	13	-	-	-	-	-	-	-
Nine	43	-	43	-	-	-	15	-	15	-	-	-	-	-	-	-
Ten	40	-	40	-	-	-	12	-	12	-	-	-	-	-	-	-
Eleven	37	9	37	9	-	-	13	2	13	2	-	-	-	-	-	-
Twelve	49	6	49	6	-	-	17	1	17	1	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>568</u>	<u>15</u>	<u>568</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>3</u>	<u>186</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Education - Elementary	56	-	55	-	1	-	21	-	21	-	-	-	1	1	1	-
Special Education - Middle	32	-	32	-	-	-	12	-	12	-	-	-	3	3	3	-
Special Education - High School	36	6	37	6	(1)	-	8	2	8	2	-	-	8	9	9	-
Subtotal	<u>124</u>	<u>6</u>	<u>124</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>2</u>	<u>41</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>-</u>
County Vocational - Regular	-	15	-	15	-	-	-	15	-	15	-	-	-	-	-	-
County Vocational - Special Education	-	6	-	6	-	-	-	6	-	6	-	-	-	-	-	-
Total	<u>692</u>	<u>42</u>	<u>692</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>227</u>	<u>26</u>	<u>227</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>-</u>
Percentage error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Application for State School Aid Summary**  
**Schedule of Audited Enrollments - Enrollment as of October 15, 2022**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 3	6	5	1	5	5	-	-	-	-	-	-	-
Half Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 4	7	7	-	7	7	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	6	7	(1)	6	6	-	2	2	-	2	2	-
One	8	8	-	8	8	-	1	1	-	1	1	-
Two	5	5	-	5	5	-	3	3	-	3	3	-
Three	8	10	(2)	8	8	-	3	3	-	3	3	-
Four	3	6	(3)	3	3	-	1	1	-	1	1	-
Five	6	10	(4)	6	6	-	-	-	-	-	-	-
Six	6	7	(1)	6	6	-	-	-	-	-	-	-
Seven	11	12	(1)	11	11	-	2	1	1	1	1	-
Eight	11	11	-	11	11	-	3	3	-	3	3	-
Nine	8	10	(2)	8	7	1	-	-	-	-	-	-
Ten	6	7	(1)	6	6	-	2	2	-	2	2	-
Eleven	7	10	(3)	7	7	-	2	2	-	2	2	-
Twelve	10	10	-	10	10	-	4	4	-	4	4	-
Subtotal	108	125	(17)	107	106	1	23	22	1	22	22	-
Special Education - Elementary	31	23	8	31	31	-	18	18	-	18	18	-
Special Education - Middle	12	11	1	11	10	1	4	5	(1)	5	5	-
Special Education - High School	15	10	5	15	15	-	3	3	-	3	3	-
Subtotal	58	44	14	57	56	1	25	26	(1)	26	26	-
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - Special Education	-	-	-	-	-	-	-	-	-	-	-	-
Total	166	169	(3)	164	162	2	48	48	-	48	48	-
Percentage error			<u>-1.81%</u>			<u>1.22%</u>			<u>0.00%</u>			<u>0.00%</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Application for State School Aid Summary**  
**Schedule of Audited Enrollments - Enrollment as of October 15, 2022**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Full Day K	3	3	-	3	3	-
First	-	1	(1)	1	1	-
Third	4	3	1	3	3	-
Seventh	1	1	-	1	1	-
Tenth	2	2	-	2	2	-
Twelfth	1	1	-	1	1	-
Special Education - Elementary	2	3	(1)	3	3	-
Special Education - Middle	1	1	-	1	1	-
<b>Total</b>	<b>14</b>	<b>15</b>	<b>(1)</b>	<b>15</b>	<b>15</b>	<b>-</b>
Percentage error			<u>-7.14%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Sample Errors
PK	2.0	2.0	-	2.0	2.0	-
Regular - Public Schools	330.5	330.5	-	155.0	160.0	(5.0)
Vocational	10.5	10.5	-	-	-	-
AIL - Non Public	39.0	39.0	-	-	-	-
Special Education Public	67.5	67.5	-	34.0	29.0	5.0
Private School Disabled	1.0	1.0	-	-	-	-
Public School - with Special Needs	19.0	19.0	-	8.0	6.0	2.0
Private School Disabled - with Special Needs	1.0	1.0	-	-	-	-
Out-of-District Public - without Special Needs	4.5	4.5	-	-	-	-
Out-of-District Private - without Special Needs	10.0	10.0	-	-	-	-
<b>Total</b>	<b>485.0</b>	<b>485.0</b>	<b>-</b>	<b>199.0</b>	<b>197.0</b>	<b>2.0</b>
Percentage error			<u>0.00%</u>			<u>1.01%</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Excess Surplus Calculation**

**SECTION 1**

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Exhibit C-1	\$ 28,325,430 (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	126,351	(B1d)
Decreased by		
On-Behalf TPAF Pension & Social Security	5,507,478	(B2a)
Assets Acquired Under Leases	-	(B2b)
	<hr/>	
Adjusted 2022 - 2023 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 22,944,303</u>	(B3)
2% of Adjusted 2022 - 2023 General Fund Expenditures [(B3) Times .02]	\$ 458,886	(B4)
Enter Greater of (B4) or \$250,000	458,886	(B5)
Increased by: Allowable Adjustment	<u>140,482</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u><u>\$ 599,368</u></u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 06/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 3,834,477	(C)
Decreased by		
Year-End Encumbrances	123,504	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	151,501	(C3)
Other Restricted Fund Balances	2,666,035	(C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>139,945</u>	(C5)
Total Unassigned Fund Balance Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u><u>\$ 753,492</u></u> (U)

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Excess Surplus Calculation (continued)**

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U)-(M)] if Negative Enter -0- \$ 154,124 (E)

Recapitulation of Excess Surplus as of June 30, 2023

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 151,501 (C3)
Restricted Excess Surplus	<u>154,124 (E)</u>
Total [(C3) + (E)]	<u>\$ 305,625 (D)</u>

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale and Lease Back	- (I)
Extraordinary Aid	128,314 (J1)
Additional Nonpublic Transportation Aid	<u>12,168 (J2)</u>
Total Adjustments	<u>\$ 140,482 (K)</u>

Detail of Other Restricted Fund Balance

Approved Unspent Separate Proposal	\$ -
Sale/Lease - Back Reserve	-
Capital Reserve	2,100,371
Emergency Reserve	-
Maintenance Reserve	322,966
Tuition Reserve	-
Unemployment compensation	242,698
Other Reserves	-
Other State/Government Mandated Reserve	-
Total Other Restricted Fund Balance	<u>\$ 2,666,035 (C4)</u>

*BKC, CPAs, PC*

**BKC, CPAs, PC**

*MU*

Michael A. Holk, CPA, PSA  
 NO. 20CS00265600



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Acknowledgment

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated December 4, 2023.

Should any questions arise as to our comments, please do not hesitate to contact us.

We desire to express our appreciation for the assistance and courtesies rendered by the School Officials and employees during the course of the examination.



**BKC, CPAs, PC**



Michael, A. Holk, CPA, PSA

No. 20CS00265600

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**June 30, 2023**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2023-001

Recommendation: Approval signatures and receiving signatures certifying goods or services are to be evident on all applicable payment forms.

3. School Purchasing Programs

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 Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.