

HACKETTSTOWN SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

HACKETTSTOWN SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
General Comments:	2
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
P.L. 2020, Chapter 44	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Year End for Encumbrances and Accounts Payable	3
Classification of General and Administrative Expenditures	3
Board Secretary's Records	4
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student	
Succeeds Act	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs:	5
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	6
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Travel Expense and Reimbursement Policy	7
Testing for Lead of all Drinking Water in Educational Facilities	7
Management Suggestions	8
Status of Prior Year's Findings/Recommendations	8
Schedule of Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	9-13
Excess Surplus Calculation	14-15
Summary of Recommendations	16

November 27, 2023

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, 2023, and have issued our report thereon dated November 27, 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 letter does not affect our report dated November 27, 2023, 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 recommendations.

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, 2023

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 ACFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Timothy Havlusch	Business Administrator	\$ 300,000

P.L 2020. C.44

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

The data submitted did include all health benefit plans offered by the school district. The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely. The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C.6A: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. All payrolls tested were approved by the Superintendent and certified by the President of the Board, the School Business Administrator, and the Superintendent.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund except as noted in the below finding.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

Finding 2023-001:

During our review of the payroll records, it was noted that a Payroll Agency analysis of balance was not prepared on a monthly basis, state pension payments were not always remitted in a timely manner and the transfers to the payroll accounts for certain payrolls were for amounts in excess of the amount needed to fund that specific payroll. The Business Office did not have a payroll and benefits specialist on staff for most of the fiscal year.

Recommendation:

It is recommended that the District prepare a monthly Payroll Agency analysis of balance, ensure state pension payments are remitted in a timely manner and extra care be taken to ensure that transfers to the payroll accounts are only for the amount needed to fund a specific payroll.

Management's Response:

With the Business Office fully staffed for the current fiscal year, it is expected that this recommendation will be resolved in fiscal year 2024.

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.

Finding 2023-002:

During our review of the capital asset additions records, it was noted that certain of the capital asset additions did not appear to be charged to capital outlay line items in either the General Fund or Capital Projects Fund. As the District has already implemented procedures in the fiscal year ended June 30, 2024 to ensure that all capital outlay expenditures are charged to capital account line item account, no formal recommendation is deemed to be warranted at this time.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 2023-003:

The revenue funding source for the Capital Projects Fund Turf Project was not recorded in the financial accounting software.

Recommendation:

It is recommended that a funding source for all Capital Projects Fund projects is recorded in the District's financial accounting software to ensure that all capital projects are appropriately funded.

Management's Response:

The District will ensure that a revenue source for each Capital Projects Fund project is recorded in the financial accounting software in the future.

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 ACFR. This section of the ACFR 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 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.

Finding 2023-04:

During our review of the expenditures charged to the Educational Stabilization Fund for the CRRSA – Mental Health grant award we noted that the expenditure we tested was budgeted and charged to the line item for supplies and materials while the approved grant budget for this type of expenditure was to be salaries. As the expenditure was an appropriate charge to this grant and since the District did attempt to amend the budget and was unable to due to the grant being closed, no formal recommendation is judged to be warranted.

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.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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, 2023. 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 . . ."

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 2022-23.

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.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

School Purchasing Programs (Cont'd)

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

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.

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 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. 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.

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

Finding 2023-005:

In an attempt to reduce the District's net excess cash resources, the District made certain improvements to the flooring in the cafeterias at the District's schools. Those improvements do not appear to be in accordance with the NJ Department of Agriculture's *General Expenditures Allowable and Unallowable Costs to the Nonprofit School Food Service Account (NSFSA)*. As the District believes these are appropriate expenditures and is in the process of seeking guidance from the NJ Department of Agriculture as to the allowability of these expenditures, no formal recommendation is judged to be warranted at this time.

Net cash resources exceeded three months average expenditures by \$26,040. Since the District has a plan in place to utilize the excess net cash resources, no formal recommendation is deemed necessary at this time.

HACKETTSTOWN SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2022 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 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 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 2022-2023 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, 2023
(Continued)

Management Suggestions:

Reconciling Food Service Management Contractor's Operating Statement with District Records

It is suggested that the District reconcile the revenue and expenses per the Food Service Management Contractor's Operating Statement with the District's records on a monthly basis.

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.

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

The prior year recommendation regarding County Superintendent approval of transfers to capital outlay line items other than equipment in timely manner and that all Capital Projects lease project expenditures are recorded in the District's accounting records was resolved in the current year.

HACKETTSTOWN 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					
	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	11		11				11		11			
Full Day Preschool 4 Years Old	18		18				18		18			
Full Day Kindergarten	93		93				93		93			
Grade One	103		103				103		103			
Grade Two	86		86				86		86			
Grade Three	114		114				114		114			
Grade Four	113		113				113		113			
Grade Five	98		98				98		98			
Grade Six	93		93				93		93			
Grade Seven	101		101				101		101			
Grade Eight	99		99				99		99			
Grade Nine	198		198				198		198			
Grade Ten	165		165				165		165			
Grade Eleven	193		193				193		193			
Grade Twelve	203		203				203		203			
Subtotal	1,688		1,688				1,688		1,688			
Special Education:												
Elementary	122		122				9		9			
Middle School	68		68				4		4			
High School	159		159				12		12			
Subtotal	349		349				25		25			
Totals	2,037		2,037				1,713		1,713			
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, 2022

	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					42	42	2	2	
Grade One					36	36	2	2	
Grade Two					31	31	2	2	
Grade Three					43	43	2	2	
Grade Four					47	47	2	2	
Grade Five					40	40	2	2	
Grade Six					24	24	1	1	
Grade Seven					37	37	2	2	
Grade Eight					31	31	1	1	
Grade Nine					31	31	1	1	
Grade Ten					23	23	1	1	
Grade Eleven					22	22	1	1	
Grade Twelve					21	21	1	1	
Subtotal					428	428	20	20	
Special Education:									
Elementary	1				56	56	2	2	
Middle School	3	1	1		29	29	1	1	
High School	9	2	2		39	39	2	2	
Subtotal	13	3	3		124	124	5	5	
Totals	13	3	3		552	552	25	25	
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, 2022

	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	22	22		2	2	
Grade One	22	22		2	2	
Grade Two	14	14		1	1	
Grade Three	19	19		2	2	
Grade Four	19	19		2	2	
Grade Five	13	13		1	1	
Grade Six	5	5				
Grade Seven	11	11		1	1	
Grade Eight	9	9		1	1	
Grade Nine	9	9		1	1	
Grade Ten	11	11		1	1	
Grade Eleven	1	1				
Grade Twelve	4	4				
Subtotal	159	159		14	14	
Special Ed - Elementary	11	11		2	2	
Special Ed - Middle School	6	6		1	1	
Special Ed - High School	2	2		1	1	
Subtotal	19	19		4	4	
Totals	178	178		18	18	
Percentage Error			0.00%			0.00%

HACKETTSTOWN SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2022

	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	3	3				
Grade One	5	5				
Grade Two	4	4				
Grade Three	3	3				
Grade Four	5	5		1	1	
Grade Five	1	1				
Grade Six	1	1				
Grade Seven	3	3				
Grade Eight	1	1				
Grade Nine	13	13		2	2	
Grade Ten	6	6		1	1	
Grade Eleven	4	4				
Grade Twelve	12	12		2	2	
Subtotal	61	61		6	6	
Special Ed - Elementary	3	3		1	1	
Special Ed - Middle School	1	1				
Special Ed - High School	1	1				
Subtotal	5	5		1	1	
Totals	66	66		7	7	
Percentage Error			0.00%			0.00%

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	67	67		10	10	
Regular - Special Education	19	19		4	4	
AIL - Non Public	15	15		3	3	
Special Needs - Public	28	28		5	5	
Special Needs - Private	13	13		3	3	
Totals	<u>142</u>	<u>142</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	4.6	4.6
Average Mileage - Regular Excluding Grade PK Students	4.6	4.6
Average Mileage - Special Education with Special Needs	9.9	9.9

HACKETTSTOWN SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2022-2023 Total General Fund Expenditures per the ACFR	<u>\$ 48,500,666</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 1,034,613</u> (B1c)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 8,825,735</u> (B2a)	
Assets Acquired Under Leases and Finance Purchases	<u>\$ -0-</u> (B2b)	
Adjusted 2022-2023 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 40,709,544</u> (B3)	
2% of Adjusted 2022-2023 General Fund Expenditures [(B5) times .02]	<u>\$ 814,190</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 814,190</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 115,650</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 929,840</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 1,848,171</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 198,047</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>\$ 720,284</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 929,840</u> (U1)

HACKETTSTOWN SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section 3

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

Recapitulation of Excess Surplus as of June 30, 2023

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 \$ 110,970 (J1)

Additional Nonpublic School Transportation Aid \$ 4,680 (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Supplemental Stabilization Aid received April 2023
 & Maintenance of Equity Aid received July 2023 \$ -0- (J5)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)) \$ 115,650 (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 \$ 227,607

Maintenance Reserve \$ 381,250

Tuition Reserve \$ -0-

Unemployment Compensation \$ 111,427

Other State/Governmental Mandated Reserve \$ -0-

Emergency Reserve \$ -0-

Total Other Restricted Fund Balance \$ 720,284 (C4)

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting

Finding 2023-001 – The District prepare a monthly Payroll Agency analysis of balance, ensure state pension payments are remitted in a timely manner and extra care is taken to ensure that transfers to the payroll accounts are only for the amount needed to fund a specific payroll.

Finding 2023-003 – A funding source for all Capital Projects Fund projects is recorded in the District’s financial accounting software to ensure that all capital projects are appropriately funded.
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

The prior year recommendation regarding County Superintendent approval of transfers to capital outlay line items was resolved in the current year.