

MORRIS HILLS REGIONAL SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023

MORRIS HILLS REGIONAL SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
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:	3
Examination of Claims	3
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of General and Administrative Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as	
Amended by Every Student Succeeds Act	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs:	5-6
Contracts and Agreements Requiring Advertisement for Bids	5-6
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	8
Testing for Lead of All Drinking Water in Educational Facilities	8
Management Suggestion	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	9-12
Excess Surplus Calculation	13-14
Summary of Recommendations	15

December 28, 2023

The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
County of Morris, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Morris Hills Regional School District in the County of Morris for the fiscal year ended June 30, 2023, and have issued our report thereon dated December 28, 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 December 28, 2023, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestion.

This report is intended for the information of the Morris Hills 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.

December 28, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer (or Other Designee), 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>
John Csatlós	Treasurer	\$ 400,000
Joann Gilman Auricchio	Board Secretary/School Business Administrator	\$ 400,000

The District also has a blanket bond through the New Jersey Schools Insurance Group covering other employees in the amount of \$50,000.

P.L. 2020, Chapter 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 included all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator, and the District's 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 District made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Salary withholdings were promptly remitted to the proper agencies including health benefit withholdings 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.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of 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. 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. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

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

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 Fund section of the ACFR. This section of the ACFR documents the financial position pertaining to the District's special projects.

Finding 2023-001:

The District's FY23 (Special Education Medicaid Initiative) SEMI Program Final Snapshot indicated that the District did not achieve the State's benchmarks of 100% of budgeted reimbursement and overall parental response rate of 90% pursuant to the SEMI Handbook and State Accountability Regulations.

Recommendation:

That the District's designated SEMI Coordinator determine the effectiveness of the District's current procedures and review the EDPlan compliance data included in the District's quarterly SEMI program snapshots to ensure achievement of the State's benchmarks of 100% of budgeted reimbursement and overall parental response rate of 90% per the SEMI Handbook and State Accountability Regulations.

Management's Response:

The District's designated SEMI coordinator will determine the effectiveness of the District's current procedures and review the EDPlan compliance data included in the District's quarterly SEMI program snapshots to ensure achievement of the State's benchmarks of 100% of budgeted reimbursement and overall parental response rate of 90% per the SEMI Handbook and State Accountability Regulations.

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.

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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.

N.J.S.A. 18A:18A-3 states:

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.

In accordance with N.J.S.A. 18A:18A-3, the Board passed a resolution designating the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$44,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

School Purchasing Programs (Cont'd)

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

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 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 Exhibit B-5 does separate program and non-program revenue and program and nonprogram cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to students, maintenance of all applicable production records, meal counts, noncompetitive procurements, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP Loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA if the FSMC received a PPP loan.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
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 except as noted herein.

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, low income, and bilingual students. 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's written procedures appear to be adequate for 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. The bid specifications for the purchase of buses complied with applicable statutes. 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 transfer of local funds from the General Fund or from the capital reserve account and awarding of contracts for eligible facilities construction. Based on these procedures, we have no comments except as noted herein.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the fiscal year and to ensure that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestion

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 these funds are utilized in accordance with the applicable federal requirements (especially with respect to procurement) and recorded 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.

Status of Prior Fiscal Year Findings/Recommendations

The prior fiscal year audit finding/recommendation regarding submitting the required quarterly updates associated with the delivery of the related services and evaluation services provide to special education students to maximize participation in the Special Education Medicaid Initiative (SEMI) Program was not resolved and is included as Finding 2023-001 in the current fiscal year.

MORRIS HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	2023-2024 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors	
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Grade Nine	569		569				569		569			
Grade Ten	615		615				615		615			
Grade Eleven	505	15	505	15			505	15	505	15		
Grade Twelve	556	9	556	9			556	9	556	9		
Adult High (15+ Credits)	100		100				100		100			
Subtotal	2,345	24	2,345	24			2,345	24	2,345	24		
Special Education:												
High School	476	11	476	11			25		25			
Subtotal	476	11	476	11			25		25			
Totals	2,821	35	2,821	35	-0-	-0-	2,370	24	2,370	24	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

MORRIS HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	Private Schools for Disabled				Resident Low Income							
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Sample	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Grade Nine							107	107		6	6	
Grade Ten							122	122		5	5	
Grade Eleven							89.5	89.5		4	4	
Grade Twelve							77	77		5	5	
Subtotal							395.5	395.5		20	20	
Special Education:												
High School	41	41	4	4			111.5	108.5	3	5	5	
Subtotal	41	41	4	4			111.5	108.5	3	5	5	
Totals	41	41	4	4	- 0 -	- 0 -	507	504	3	25	25	- 0 -
Percentage Error					0.00%	0.00%			0.59%			0.00%

MORRIS HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Grade Nine	11	11		1	1	
Grade Ten	24	24		1	1	
Grade Eleven	5	5		2	2	
Grade Twelve	5	5		1	1	
Subtotal	<u>45</u>	<u>45</u>		<u>5</u>	<u>5</u>	
Special Education:						
High School	1	1				
Subtotal	<u>1</u>	<u>1</u>				
Totals	<u>46</u>	<u>46</u>	<u>- 0 -</u>	<u>5</u>	<u>5</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Resident LEP Not Low Income					
	Reported on ASSA 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
Grade Nine	15	15		1	1	
Grade Ten	15	14	1	1	1	
Grade Eleven	5	5		1	1	
Grade Twelve	6	6		2	2	
Subtotal	<u>41</u>	<u>40</u>	<u>1</u>	<u>5</u>	<u>5</u>	
Special Education:						
High School	1	2	(1)			
Subtotal	<u>1</u>	<u>2</u>	<u>(1)</u>			
Totals	<u>42</u>	<u>42</u>	<u>- 0 -</u>	<u>5</u>	<u>5</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

MORRIS HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
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	
Regular - Public Schools	1,561	1,561		25	25	
Regular - Special Education	282	282		25	25	
AIL - Non Public	81	81		6	6	
Special Needs - Public	60	60		6	6	
Special Needs - Private	16	16		4	4	
Totals	2,000	2,000	- 0 -	66	66	- 0 -
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.3	4.3
Average Mileage - Regular Excluding Grade PK Students	4.3	4.3
Average Mileage - Special Education with Special Needs	9.7	9.7

MORRIS HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2023

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$ 88,450,460</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>\$ 5,815,000</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 16,266,530</u> (B2a)	
Assets Acquired Under Leases and Financed Purchases	<u>\$ - 0 -</u> (B2b)	
Adjusted 2022-23 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 77,998,930</u> (B3)	
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	<u>\$ 1,559,979</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 1,559,979</u> (B5)	
Increased by: Allowable Adjustments	<u>\$ 1,073,859</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 2,633,838</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 6,760,847</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ - 0 -</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>\$ 4,839,181</u> (C4)	
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	<u>\$ 533,000</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 1,388,666</u> (U1)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2023

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

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

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

Detail of Allowable Adjustments

Impact Aid \$ - 0 - (H)

Sale & Lease-back \$ - 0 - (I)

Extraordinary Aid \$ 1,048,587 (J1)

Additional Nonpublic School Transportation Aid \$ 25,272 (J2)

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

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

Supplemental Stabilization Aid (April 2023) and Maintenance Equity Aid (July 2023) \$ - 0 - (J5)

Total Allowable Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)] \$ 1,073,859 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ - 0 -

Sale/Lease-back Reserve \$ - 0 -

Capital Reserve \$ 4,237,119

Maintenance Reserve \$ 200,030

Emergency Reserve \$ - 0 -

Tuition Reserve \$ - 0 -

School Bus Advertising 50% Fuel Offset Reserve - Current Year \$ - 0 -

School Bus Advertising 50% Fuel Offset Reserve - Prior Year \$ - 0 -

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ - 0 -

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ - 0 -

Unemployment Compensation \$ 402,032

Other State/Government Mandated Reserve \$ - 0 -

Other Restricted Fund Balances Not Noted Above \$ - 0 -

Total Other Restricted Fund Balances \$ 4,839,181 (C4)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2023

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2023-001: That the District's designated SEMI Coordinator determine the effectiveness of the District's current procedures and review the EDPlan compliance data included in the District's quarterly SEMI program snapshots to ensure achievement of the State's benchmarks of 100% of budgeted reimbursement and overall parental response rate of 90% per the SEMI Handbook and State Accountability Regulations.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Travel Expense and Reimbursement Policy

None

10. Status of Prior Fiscal Year's Findings/Recommendations

The prior fiscal year audit finding/recommendation regarding submitting the required quarterly updates associated with the delivery of the related services and evaluation services provide to special educations students to maximize participation in the Special Education Medicaid Initiative (SEMI) Program was not resolved and is included as Finding 2023-001 in the current fiscal year.