

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**

Middletown, New Jersey  
County of Monmouth

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
YEAR ENDED JUNE 30, 2024**



**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	3
Administrative Practices and Procedures:	
Insurance	3
Official Bonds	3
P.L.2020, c.44	3
Tuition Charges	3
Financial Planning, Accounting and Reporting:	
Examination of Claims	3
Payroll Account	3
Employee Position Control Roster	4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Business Administrator/Board Secretary's Records	4
Elementary & Secondary School Education Act (E.S.E.A.), as amended by the Every Student Succeeds Act ESSA	4
Other Special Federal and/or State Project	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	5
School Food Service	5
Student Body Activities	6
Application for State School Aid (ASSA)	6
Pupil Transportation	6
Testing for Lead of All Drinking Water in Facilities	7
Facilities and Capital Assets	7
Miscellaneous	7
Follow-up on Prior Year Findings	7
Office of Fiscal Accountability and Compliance (OFAC) Findings	7
Acknowledgment	7
Additional Information:	
Schedule of Audited Enrollments	11
Schedule of Meal Count Activity	15
Net Cash Resource Schedule	17
Excess Surplus Calculation	19
Audit Recommendation Summary	22

*This page intentionally left blank*

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

Honorable President and Members  
of the Board of Education  
Middletown Township School District  
County of Monmouth  
Middletown, New Jersey 07748

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Middletown Township School District in the County of Monmouth for the year ended June 30, 2024, and have issued our report thereon dated December 17, 2024.

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 Middletown Township 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Brian J. Waldron  
Certified Public Accountant  
Public School Accountant, No. 2600

Lakewood, New Jersey  
December 17, 2024

*This page intentionally left blank*

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

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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'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>
Amy P. Doherty, CPA	Secretary/School	\$650,000

There is a Public Employee's Faithful Performance Blanket Position Bond with the New Jersey School Board Association Insurance Group covering all other employees with multiple coverage of \$100,000 each person/\$50,000 per loss.

**P.L.2020, c44**

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 school district.

The School District project data certification was completed by the chief school administrator. The School District project Chapter 44 data was submitted timely.

**Tuition Charges**

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

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

A sample examination of claims paid during the period under the review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Account**

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Sampled 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 secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

### **Employee Position Control Roster**

A sample inquiry and subsequent 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 sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.29(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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. As a result of the procedures performed, a transaction error rate of 0% percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### **Business Administrator/Board Secretary's Records**

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

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

The E.S.E.A. / N.C.L.B. 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, II and III 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.

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

Our audit procedures included a sample test of the biweekly reimbursements forms 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.



## **School Purchasing Programs**

### **Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the NJ Local Agency Procurement Laws webpage: <https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us/>) website.

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 \$22,400 effective 2023-24.

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.

Based on the results of our tests on sample basis, 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.

### **School Food Service**

The Financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. No exceptions noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions noted.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions noted.

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. No exceptions noted.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements. No exceptions noted.

## **School Food Service (Continued)**

### **Finding 2024-001**

The New Jersey Department of Agriculture requires net cash resources to not exceed three months average of expenditures in the Food Service Fund. As of June 30, 2024, the district's food service fund had net cash resources in excess of that amount.

#### **Recommendation:**

The Board took action and approved a plan during the 2023-2024 fiscal year to reduce its food service cash balance through reinvestment into the food service program facilities. This work required students to be out of the building, so it was completed in August 2024.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services Employees authorized by the board of education. No exceptions noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. 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. No exceptions noted.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue AND program and non-program cost of goods sold.

### **Student Body Activities**

Our review of the financial and accounting records for student activities indicated they were in satisfactory condition.

### **Application for State School Aid (ASSA)**

Our audit procedures included a sample test of information reported in the October 13, 2023 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The School District written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a sample test of on roll status reported in the 2023-2024 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 sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

### **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).

### **Facilities and Capital Assets**

Our review of the financial and accounting records for capital assets indicated they were in satisfactory condition.

### **Miscellaneous**

The School District complied with its most recent continuing disclosure agreements in relation to prior year bond issuances.

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

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

### **Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2024.

### **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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Brian J. Waldron  
Certified Public Accountant Public  
School Accountant, No. 2600

Lakewood, New Jersey  
December 17, 2024

*This page intentionally left blank*

<b>ADDITIONAL INFORMATION</b>
-------------------------------

*This page intentionally left blank*

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 13, 2023**

	2024-2025 Application for State School Aid						Sample for Verification						Private Schools for Disabled					
	Reported on A.S.S.A. On Roll			Workpapers			Sample Selected from Workpapers			Registers Verified per On Roll			Errors per Registers On Roll			Reported on A.S.S.A. as Private Schools		
	Full	Shared	On Roll	Full	Shared	Errors	Full	Shared	Full	Full	Shared	Full	Full	Shared	On Roll	Sample Verification	Sample Verified	Sample Errors
Half Day Preschool 3 Yrs.	35	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Full Day Preschool 3 Yrs.	12	-	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool 4 Yrs.	44	-	44	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Yrs.	33	-	33	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	597	-	597	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-
One	569	-	569	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-
Two	589	-	589	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-
Three	527	-	527	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-
Four	502	-	502	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-
Five	555	-	555	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-
Six	505	-	505	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-
Seven	508	-	508	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-
Eight	556	-	556	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-
Nine	483	-	483	-	-	-	17	-	17	-	-	-	-	-	-	-	-	-
Ten	532	-	532	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-
Eleven	22	22	512	22	-	-	17	1	17	1	-	-	-	-	-	-	-	-
Twelve	530	19	530	19	-	-	18	-	18	1	-	-	-	-	-	-	-	-
Subtotal	7,089	41	7,089	41	-	-	250	2	250	18	2	-	-	-	-	-	-	-
Special Ed - Elementary	602	-	602	-	-	-	21	-	21	-	-	-	-	-	8	7	7	-
Special Ed - Middle School	454	-	454	-	-	-	16	-	16	-	-	-	-	-	8	7	7	-
Special Ed - High School	535	112	535	112	-	-	19	4	19	4	-	-	-	-	25	21	21	-
Subtotal	1,591	112	1,591	112	-	-	56	4	56	4	-	-	-	-	41	35	35	-
Totals	8,680	153	8,680	153	-	-	306	6	306	306	6	-	-	-	41	35	35	-
Percentage Error	0%			0%			0%			0%			0%			0%		

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023

	2024-2025 Application for State School Aid				Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	54	54	-		14	14	-	5	5	-	4	4	-
One	60	60	-		16	16	-	4	4	-	3	3	-
Two	54	54	-		14	14	-	1	1	-	1	1	-
Three	54	54	-		14	14	-	4	4	-	3	3	-
Four	41	41	-		11	11	-	1	1	-	1	1	-
Five	48	48	-		13	13	-	1	1	-	1	1	-
Six	55	55	-		14	14	-	-	-	-	-	-	-
Seven	42	42	-		11	11	-	-	-	-	-	-	-
Eight	39	39	-		10	10	-	-	-	-	-	-	-
Nine	35	35	-		9	9	-	-	-	-	-	-	-
Ten	41	41	-		11	11	-	-	-	-	-	-	-
Eleven	39	39	-		10	10	-	-	-	-	-	-	-
Twelve	36	36	-		9	9	-	1	1	-	1	1	-
Subtotal	598	598	-		156	156	-	17	17	-	14	14	-
Special Ed - Elementary	115	115	-		28	28	-	6	6	-	5	5	-
Special Ed - Middle School	114	114	-		22	22	-	4	4	-	3	3	-
Special Ed - High School	138	138	-		30	30	-	-	-	-	-	-	-
Subtotal	367	367	-		80	80	-	10	10	-	8	8	-
Totals	965	965	-		236	236	-	27	27	-	22	22	-
Percentage Error			0.00%				0.00%			0.00%			0.00%

**Transportation**

	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	2,414	2,414	-	201	201	-
Reg - Sp Ed, col. 4	34	34	-	3	3	-
Transported - Non-Public, col. 3	671	671	-	56	56	-
AIL - Non Public	333	333	-	28	28	-
Special Ed Spec, col. 6	293	293	-	24	24	-
Totals	3,745	3,745	-	312	312	-
Percentage Error			0.00%			0.00%



**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 13, 2023**

	2024-2025 Application for State School Aid			Sample for Verification		
	Reported on A.S.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten						
One	3	3	-	3	3	-
Two	-	-	-	-	-	-
Three	2	2	-	2	2	-
Four	5	5	-	4	4	-
Five	1	1	-	1	1	-
Six	1	1	-	1	1	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Nine	-	-	-	-	-	-
Ten	3	3	-	3	3	-
Eleven	1	1	-	1	1	-
Twelve	2	2	-	2	2	-
Subtotal	-	-	-	-	-	-
	20	20	-	19	19	-
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle School	1	1	-	1	1	-
Subtotal	2	2	-	2	2	-
Totals	22	22	-	21	21	-
Percentage Error			0.00%			0.00%

*This page intentionally left blank*

**MIDDLETOWN BOARD OF EDUCATION**  
**FOOD SERVICE FUND**

**SCHEDULE OF MEAL COUNT ACTIVITY**  
**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regula/Rate)	Paid	351,092	351,092	351,092	0.40	0.00
National School Lunch (Regular Rate)	Reduced	17,144	17,144	17,144	3.85	0.00
National School Lunch (Regular)	Free	70,828	70,828	70,828	4.25	0.00
	TOTAL	439,064	439,064	439,064		0.00
National School Lunch	HHFKA - PB Lunch Only	439,064	439,064	439,064	0.08	0.00
School Breakfast (Regular Rate)	Paid	16,256	16,256	16,256	0.38	0.00
	Reduced	3,018	3,018	3,018	1.98	0.00
	Free	10,270	10,270	10,270	2.28	0.00
	TOTAL	29,544	29,544	29,544		0.00
School Breakfast (Severe Rate)	Paid	1,261	1,261	1,261	0.38	0.00
	Reduced	242	242	242	2.43	0.00
	Free	1,844	1,844	1,844	2.73	0.00
	TOTAL	3,347	3,347	3,347		0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

**MIDDLETOWN BOARD OF EDUCATION**  
**FOOD SERVICE FUND**

**SCHEDULE OF MEAL COUNT ACTIVITY**  
**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	351,092	351,092	351,092	0.060	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	17,144	17,144	17,144	0.470	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	70,828	70,828	70,828	0.070	0.00
State Reimbursement - National School Lunch (NJEIE)	NJEIE	422	422	422	3.850	0.00
	TOTAL	439,486	439,064	439,064		
School Breakfast (Regular Rate)	Reduced	3,260	3,260	3,260	0.300	0.00
State Breakfast - (NJEIE)	Free	2	2	2	1.900	0.00
	TOTAL	3,262	3,262	3,262		0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

# NET CASH RESOURCE SCHEDULE

**Net cash resources did exceed three months of expenditures  
Proprietary Funds - Food Service  
FYE 2024**

			Food Service B - 4/5
<u>Net Cash Resources:</u>			
ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 1,398,797
B-4		Due from Other Gov'ts	30,978
B-4		Accounts Receivable	59,675
ACFR	*	Current Liabilities	
B-4		Less Accounts Payable	(136,098)
B-4		Less Deferred Revenue	(113,690)
Net Cash Resources			\$ 1,239,662 (A)

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	\$ 2,830,325	
B-5	Less Depreciation	(82,721)	
		<b><u>\$ 2,747,604</u></b>	(B)

**Average Monthly Operating Expense:**

B / 10	<b><u>\$ 274,760</u></b>	(C)
--------	--------------------------	-----

**Three times monthly Average:**

3 X C	<b><u>\$ 824,281</u></b>	(D)
-------	--------------------------	-----

TOTAL IN BOX A	\$ 1,239,662
LESS TOTAL IN BOX D	824,281
NET	<b><u>\$ 415,381</u></b>
From above:	
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>	
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>	

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

*This page intentionally left blank*

## EXCESS SURPLUS CALCULATION

### REGULAR DISTRICT

#### SECTION 1

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

2023-2024 Total General Fund Expenditures per the ACFR, Ex. C-1	\$	<u>227,451,099</u>	(B)
Increased by:			
Transfer to Food Service Fund	\$	<u>-</u>	(B1a)
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>-</u>	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>-</u>	(B1c)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>-</u>	(B1d)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u>-</u>	(B1e)
Decrease by:			
On-Behalf TPAF Pension & Social Security	\$	<u>44,995,018</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>-</u>	(B2b)
Adjusted 2023-2024 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u><u>182,456,081</u></u>	(B3)
2% of Adjusted 2023-2024 General Fund Expenditures [(B3) times .02]	\$	<u>3,649,122</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>3,649,122</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>290,292</u>	(K)
Maximum Unassigned Fund Balance [(B5)+(K)]	\$	<u><u>3,939,414</u></u>	(M)

#### SECTION 2

Total General Fund - Fund Balances @ 6/30/2024 (Per ACFR Budgetary Comparison Schedule C-1)	\$	<u>7,827,613</u>	(C)
Decreased by:			
Year-End Encumbrances	\$	<u>2,010,054</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>1,641,763</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$	<u>-</u>	(C3)
Other Restricted Fund Balances ****	\$	<u>1,272,629</u>	(C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	\$	<u>-</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u><u>2,903,167</u></u>	(U1)

**REGULAR DISTRICT (continued):**

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2024**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$ \_\_\_\_\_ - (C3)

Reserved Excess Surplus \*\*\* [(E)] \$ \_\_\_\_\_ - (E)

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

**Footnotes:**

\*Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditure is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized Current Year School Bus Advertising revenue; and

(J4) Family Crisis Transportation Aid.

(J5) Supplemental Stabilization Aid & Maintenance of Equity Aid

**Detail of Allowable Adjustments**

Impact Aid \$ \_\_\_\_\_ - (H)

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

Extraordinary Aid \$ \_\_\_\_\_ - (J1)

Additional Nonpublic School Transportation Aid \$ 290,292 (J2)

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

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

Supplemental Stabilization Aid  
and Maintenance of Equity Aid \$ \_\_\_\_\_ - (J5)

Total Adjustments [(H)+(I)+J1)+(J2)+(J3)+(J4)+(J5)] \$ 290,292 (K)

\*\* This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amounts must agree to the June 30, 2024 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.



**REGULAR DISTRICT (continued):**

**Detail of Other Restricted Fund Balance**

**Statutory Restrictions:**

Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve	\$ 240,817
Maintenance Reserve	\$ 584,858
Reserve for Unemployment Claims	\$ 446,954
Emergency Reserve	\$ -
Tuition Reserve	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Current Year	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ -
Other State/Government Mandated Reserve	\$ -
[Other Restricted Fund Balance Not Noted Above] ****	\$ -
 Total Other Restricted Fund Balance	 \$ 1,272,629 (C4)

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS SUMMARY  
YEAR ENDED JUNE 30, 2024**

**SCHOOL DISTRICT**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

**Recommendation:**

The Board took action and approved a plan during the 2023-2024 fiscal year to reduce its food service cash balance through reinvestment into the food service program facilities. This work required students to be out of the building, so it was completed in August 2024.

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

No Prior Year Audit Findings/Recommendations