

**BOARD OF EDUCATION
HACKETTSTOWN SCHOOL DISTRICT
COUNTY OF WARREN
SYNOPSIS OF AUDIT
JULY 1, 2015 TO JUNE 30, 2016**

HACKETTSTOWN SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,377,618	\$ 193,099	\$ 1,570,717
Internal balances	(23,201)	23,201	-
Receivables, net	2,560,417	15,030	2,575,447
Inventory	-	3,239	3,239
Restricted assets			
Legal reserves - cash	4,509,742	-	4,509,742
Capital projects fund - cash	132,205	-	132,205
Debt service fund - cash	11,854	-	11,854
Capital assets, net (Note 4)			-
Construction in progress	3,977,569	-	3,977,569
Other capital assets, net of depreciation	9,336,529	54,041	9,390,570
Total assets	<u>21,882,733</u>	<u>288,610</u>	<u>22,171,343</u>
Deferred outflows of resources			
Deferred amount on pension activity	1,531,480	-	1,531,480
Deferred amount on bond refunding	34,072	-	34,072
Total deferred outflows of resources	<u>1,565,552</u>	<u>-</u>	<u>1,565,552</u>
Liabilities			
Accounts payable	697,800	20,664	718,464
Accrued interest	11,531	-	11,531
Unearned revenue	15,212	8,158	23,370
Long-term liabilities (Note 5)			
Due within one year	552,406	-	552,406
Due beyond one year	8,999,661	-	8,999,661
Total liabilities	<u>10,276,610</u>	<u>28,822</u>	<u>10,305,432</u>
Deferred inflows of resources			
Deferred amount on pension liability	1,067,490	-	1,067,490
Net position			
Net investment in capital assets	10,752,213	54,041	10,806,254
Restricted for			
Legal reserves	5,009,742	-	5,009,742
Capital projects	1,200,425	-	1,200,425
Debt service	11,854	-	11,854
Unrestricted	(4,870,049)	205,747	(4,664,302)
Total net position	<u>\$ 12,104,185</u>	<u>\$ 259,788</u>	<u>\$ 12,363,973</u>

HACKETTSTOWN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position				
	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 9,236,496	\$ 7,115,840	\$ 7,506,714	\$ 35,351	\$ (32,682)	\$ (8,842,953)	\$ -	\$ (8,842,953)
Special education	2,499,752	1,864,995	631,923	-	(8,844)	(3,741,668)	-	(3,741,668)
Other special instruction	912,807	648,134	-	173,443	(3,230)	(1,390,728)	-	(1,390,728)
Other instruction	997,195	311,604	-	-	(3,215)	(1,312,014)	-	(1,312,014)
Support services								
Tuition	1,074,988	-	-	437,328	-	(637,660)	-	(637,660)
Students & instruction related services	3,691,942	2,095,278	-	69,207	(13,063)	(5,731,076)	-	(5,731,076)
General & business administration services	1,112,280	360,452	2,509	-	(3,974)	(1,474,197)	-	(1,474,197)
School administration services	1,182,883	879,075	-	-	(4,203)	(2,066,161)	-	(2,066,161)
Plant operations & maintenance	2,353,271	399,061	61,811	-	-	(2,690,521)	-	(2,690,521)
Pupil transportation	600,113	-	-	-	-	(600,113)	-	(600,113)
Charter Schools	7,830	-	-	-	-	(7,830)	-	(7,830)
Interest on long-term debt	99,127	-	-	-	-	(99,127)	-	(99,127)
Total governmental activities	23,768,684	13,674,439	8,202,957	715,329	(69,211)	(28,594,048)	-	(28,594,048)
Business-type activities								
Food service	470,009	-	276,404	254,591	-	-	60,986	60,986
Total business-type activities	470,009	-	276,404	254,591	-	-	60,986	60,986
Total primary government	\$ 24,238,693	\$ 13,674,439	\$ 8,479,361	\$ 969,920	\$ (69,211)	(28,594,048)	60,986	(28,533,062)
General revenues, special items & transfers								
Property taxes levied for general purposes						15,041,390	-	15,041,390
Property taxes levied for debt service						330,500	-	330,500
Federal & State aid not restricted						13,671,208	-	13,671,208
Miscellaneous income						812,709	-	812,709
Special item-Loss on Disposal of Assets						(35,629)	-	(35,629)
Total general revenues & special items						29,820,178	-	29,820,178
Change in net position						1,226,130	60,986	1,287,116
Net position - beginning						10,878,055	198,802	11,076,857
Net position - ending						\$ 12,104,185	\$ 259,788	\$ 12,363,973

HACKETTSTOWN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 1,377,618	\$ -	\$ -	\$ -	\$ 1,377,618
Due from other funds	92,467	-	-	-	92,467
Receivables from other governments					
Federal	-	119,958	-	-	119,958
State	77,840	-	1,068,220	-	1,146,060
Local	1,288,013	-	-	-	1,288,013
Other accounts receivable	4,197	-	-	-	4,197
Restricted cash & equivalents	4,509,742	-	132,205	11,854	4,653,801
Total assets	\$ 7,349,877	\$ 119,958	\$ 1,200,425	\$ 11,854	\$ 8,682,114
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 683,332	\$ 14,468	\$ -	\$ -	\$ 697,800
Due to other funds	23,201	90,278	-	-	113,479
Unearned revenue	-	15,212	-	-	15,212
Total liabilities	\$ 706,533	\$ 119,958	\$ -	\$ -	\$ 826,491

HACKETTSTOWN SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus	\$ 108,202	\$ -	\$ -	\$ -	\$ 108,202
Excess surplus - designated for subsequent year's expenditures	112,408	-	-	-	112,408
Capital project fund balance	-	-	1,200,425	-	1,200,425
Committed fund balance					
Capital reserve account	3,776,742	-	-	-	3,776,742
Maintenance reserve account	533,000	-	-	-	533,000
Emergency reserve account	200,000	-	-	-	200,000
Tuition reserve account	500,000	-	-	-	500,000
Assigned fund balance					
Year-end encumbrances	1,105,495	-	-	-	1,105,495
Designated for subsequent year's expenditures	222,176	-	-	-	222,176
Debt Service Fund-Undesignated	-	-	-	4,600	4,600
Unassigned fund balance	85,321	-	-	7,254	92,575
Total fund balances	<u>\$ 6,643,344</u>	<u>\$ -</u>	<u>\$ 1,200,425</u>	<u>\$ 11,854</u>	<u>7,855,623</u>
Total liabilities and fund balances	<u>\$ 7,349,877</u>	<u>\$ 119,958</u>	<u>\$ 1,200,425</u>	<u>\$ 11,854</u>	

Amounts reported for governmental activities in the
Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$26,610,136 and the accumulated depreciation is \$13,296,038.	\$ 26,610,136 <u>13,296,038</u>	13,314,098
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds		498,062
Long-term liabilities, including bonds payable are not due & payable in the current period & therefore are not reported as liabilities in the funds		(9,552,067)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		<u>(11,531)</u>
Total net position of governmental activities		<u>\$ 12,104,185</u>

HACKETTSTOWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 15,041,390	\$ -	\$ -	\$ 330,500	\$ 15,371,890
Tuition - Other LEAs within State	8,138,637	-	-	-	8,138,637
Miscellaneous	838,971	1,291	-	2,300	842,562
Total	<u>24,018,998</u>	<u>1,291</u>	<u>-</u>	<u>332,800</u>	<u>24,353,089</u>
State sources	8,540,045	-	(69,211)	-	8,470,834
Federal sources	23,908	714,038	-	-	737,946
Total revenues	<u>32,582,951</u>	<u>715,329</u>	<u>(69,211)</u>	<u>332,800</u>	<u>33,561,869</u>
Expenditures					
Current					
Instructional					
Regular instruction	9,207,249	29,247	-	-	9,236,496
Special education instruction	2,499,752	-	-	-	2,499,752
Other special instruction	739,364	173,443	-	-	912,807
Other instruction	908,496	-	-	-	908,496
Support service & undistributed costs					
Tuition	637,660	437,328	-	-	1,074,988
Student & instruction related services	3,622,735	69,207	-	-	3,691,942
General & business administrative services	1,088,317	-	34,800	-	1,123,117
School administrative services	1,187,838	-	-	-	1,187,838
Plant operations & maintenance	2,312,078	-	-	-	2,312,078
Pupil transportation	600,113	-	-	-	600,113
Unallocated benefits	7,899,832	-	-	-	7,899,832

HACKETTSTOWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 594,573	\$ 6,104	\$ 421,182	\$ -	\$ 1,021,859
Transfer to Charter Schools	7,830	-	-	-	7,830
Debt service					
Principal	234,442	-	-	245,000	479,442
Interest & other charges	35,352	-	-	85,500	120,852
Total expenditures	<u>31,575,631</u>	<u>715,329</u>	<u>455,982</u>	<u>330,500</u>	<u>33,077,442</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>1,007,320</u>	<u>-</u>	<u>(525,193)</u>	<u>2,300</u>	<u>484,427</u>
Other financing sources (uses)					
Transfers in	309,065	-	164,673	-	473,738
Transfers out	(164,673)	-	(309,065)	-	(473,738)
Proceeds from bond issue	-	-	1,830,000	-	1,830,000
Payment to bond agent	-	-	(1,795,200)	-	(1,795,200)
Total other financing sources (uses)	<u>144,392</u>	<u>-</u>	<u>(109,592)</u>	<u>-</u>	<u>34,800</u>
Net change in fund balance	1,151,712	-	(634,785)	2,300	519,227
Fund balances, July 1	<u>5,491,632</u>	<u>-</u>	<u>1,835,210</u>	<u>9,554</u>	<u>7,336,396</u>
Fund balances, June 30	<u>\$ 6,643,344</u>	<u>\$ -</u>	<u>\$ 1,200,425</u>	<u>\$ 11,854</u>	<u>\$ 7,855,623</u>

HACKETTSTOWN SCHOOL DISTRICT
Synopsis of Audit

Recommendations

2016-1 The District should review their procedures for the completion of the Extraordinary Aid application to ensure that all applicable eligible costs are being reported

2016-2 Procedures should be implemented to ensure that the NCLB Title I federal grant is not reimbursed for more than the amount expended.

2016-3 Continuing effort should be made to ensure that payroll withholding balances are accurately maintained and monitored on a monthly basis.

2016-4 The District should implement procedures to ensure that the verification of payroll check distribution procedure is performed within the required 3-year time frame.

Status of Prior Year's Audit Findings/Recommendations

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