



## Middletown Board of Education

March 28, 2023

### ❖ Audit Opinions

#### ➤ Independent Auditor's Report

- Audit conducted in accordance with auditing standards generally accepted in the United States of America, Governmental Auditing Standards (GAS) and requirements set forth by the NJ State Department of Education
- **Unmodified Opinion** - Financial statements are fairly stated in all material respects as of June 30, 2022.
- **Emphasis of Matter**- Change in accounting principle, the District adopted GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ➤ Report on Internal Control over Financial Reporting and on Compliance

- HFA reviewed/evaluated internal controls and tested for compliance with NJ laws/regulations.  
– No control deficiencies or compliance issues to report.

#### ➤ Independent Auditor's Report on Compliance and Report on Internal Control over Compliance for Major Programs

- Audit conducted on compliance and internal controls over compliance for state programs of the District.
- State Major Programs – Reimbursed TPAF, Transportation Aid
- Federal Major Programs- ESSER II (84.425D/84.425U) & Child Nutrition Cluster (10.553/10.555)
- **Unmodified Opinion** – The School District complied, all material respects, with the types of compliance requirements that could have a direct and material effect on each of its state programs for the year ended June 30, 2022. In addition, no control deficiencies to report.



❖ **Financial Analysis (General Fund)**

➤ **Table 1 – Revenues vs Expenditures (Does not include On-Behalf Pension)**

	<u>2022</u>	<u>2021</u>	<u>\$ Diff</u>	<u>% Diff</u>
<b>Revenues:</b>				
Local Tax Levy	\$ 149,786,501	\$ 147,549,892	\$ 2,236,609	1.52%
Tuition Charges	1,019,001	541,805	477,196	88.08%
Miscellaneous	1,444,445	1,069,276	375,169	35.09%
State Sources	17,447,024	18,497,926	(1,050,902)	-5.68%
Federal Sources	110,069	177,422	(67,353)	-37.96%
<b>Total Revenues</b>	<b>169,807,040</b>	<b>167,836,321</b>	<b>1,970,719</b>	<b>1.17%</b>
<b>Expenditures:</b>				
Instruction	81,534,058	79,898,459	1,635,599	2.05%
Undistributed Expenditures	88,178,277	81,006,166	7,172,111	8.85%
Capital Outlay	1,817,299	1,035,409	781,890	75.52%
Debt Service	27,200	27,200	-	0.00%
<b>Total Expenditures</b>	<b>171,556,834</b>	<b>161,967,234</b>	<b>9,589,600</b>	<b>5.92%</b>
<b>Excess/(Deficiency) of Revenues</b>	<b>(1,749,794)</b>	<b>5,869,087</b>	<b>(7,618,881)</b>	<b>-129.81%</b>
<b>Change in Fund Balance</b>	<b>\$ (1,749,794)</b>	<b>\$ 5,869,087</b>	<b>\$ (7,618,881)</b>	

➤ **Table 2 – Excess Surplus**

	<u>2022</u>	<u>2021</u>
Total Adjusted Expenditures	\$ 171,556,834	\$ 161,967,234
4% of Expenditures	6,862,273	6,478,689
Add: Allowable Adjustment	765,262	1,176,334
Maximum Unassigned	7,627,535	7,655,023
Fund Balance	17,853,038	19,722,585
Less: Encumbrances	(2,598,963)	(2,048,734)
Less: Restricted Reserves	(5,501,824)	(8,629,855)
Less: Excess Surplus Designated for Subsequent Year Expenditures	(399,674)	-
Less: Utilized in Subsequent Year's Budgets	(2,886,319)	(989,299)
Actual Unassigned	6,466,258	8,054,697
Excess Surplus - Current Year	-	399,674



➤ **Table 3 – Recapitulation of Fund Balance (C-1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Capital Reserve	\$ 2,220,917	\$ 3,858,138	\$ 2,354,491
Maintenance Reserve	569,081	2,060,533	1,060,533
Legal Reserve	2,289,240	2,289,240	2,289,240
Unemployment Compensation Reserve	422,586	421,944	-
Excess Surplus Budgeted in Subsequent Year	399,674	989,299	-
Encumbrances	2,598,963	2,048,734	3,411,700
Designated for Subsequent Year's Expenditures	2,886,319	-	-
Excess Surplus	-	399,674	989,299
Unassigned	6,466,258	7,655,023	3,414,061
<b>Total Fund Balance</b>	<b>\$ 17,853,038</b>	<b>\$ 19,722,585</b>	<b>\$ 13,519,324</b>

❖ **Financial Analysis**

➤ **(Food Service Fund)**

**FOOD SERVICE**

Revenues:	<u>2022</u>	<u>2021</u>	<u>\$ Diff</u>	<u>% Diff</u>
Operating Revenues	\$ 65,608	\$ 121	\$ 65,487	54121%
Non Operating Revenues:	4,712,872	1,437,930	3,274,942	227.75%
<b>Total Revenues</b>	<b>4,778,480</b>	<b>1,438,051</b>	<b>3,340,429</b>	
Operating Expenses	3,949,812	1,459,524	2,490,288	170.62%
	<b>3,949,812</b>	<b>1,459,524</b>	<b>2,490,288</b>	
Change in Net Position (Net Income)				
Beginning Net Position	828,668	(21,473)		
	571,927	593,400		
Ending Net Position	<b>\$ 1,400,595</b>	<b>\$ 571,927</b>		

**We'd like to THANK Amy, Denise and the entire Board Office for all of their help throughout the Audit process!**

**For Further Information, Questions or Concerns Please Contact Us**

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