

Auditor's Management Report

for the

*Hamilton Township
School District*

in the

*County of Mercer
New Jersey*

for the

*Fiscal Year Ended
June 30, 2018*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS FINANCIAL AND COMPLIANCE**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Accounts	2
Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4-5
School Food Service Funds	6
Student Body Activities	7
Pupil Transportation	7
Facilities and Capital Assets	7
Application for State School Aid	7
Testing for Lead of Drinking Water In Educational Facilities	7
Follow-Up on Prior Year's Audit Findings	7
Recommendations	8
Schedule of Meal Count Activity	N/A
Application for State School Aid Summary Enrollment	9-11
Net Cash Resource Schedule	N/A
Excess Surplus Calculation	12

Tax ID Number 21-6000323



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hamilton Township School District
County of Mercer
Hamilton, New Jersey 08527

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of Hamilton School District in the County of Mercer for the year ended June 30, 2018, and have issued our report dated February 27, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Township of Hamilton School District, County of Mercer, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 27, 2019

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Hamilton Township School District Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed in the District's CAFR. (See Exhibit J-20)

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BOND</u>
Thomas Venanzi	Treasurer of School Monies	\$750,000.00
Katherine Attwood	Board Secretary/ School Business Administrator	\$750,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Accounts

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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 treasurer of school monies with a warrant made to his order for the full amount of each payroll.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2 (g) 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 selecting a test sample our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23 A-2.4. As a result of the procedures performed, no exceptions were noted.

Board Secretary's Records

The records maintained by the Board Secretary were in satisfactory condition and were in agreement with the records maintained by the Treasurer.

Treasurer's Records

The records maintained by the Treasurer were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

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 CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II Title III and Title 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 Exhibits K-3 and K-4 located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursement filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund.

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.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 30A :30A-1, et seq. 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 \$29,000, 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 therefor, 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 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. 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. 30A:30A-2 and shall round the adjustment to the nearest \$1,000.00. 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 every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 30A:30A-5 may be awarded for a period not exceeding 12 consecutive months."

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids (Continued)

N.J.S.A. 30A:30A-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 therefor, except as is provided otherwise in this chapter or specifically by any other law."

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2017, the bid threshold in accordance with N.J.S.A. 30A:30A-3(a) and (c) is \$29,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$40,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 30:39-3 is currently \$19,000.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

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.

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 provisions of N.J.S.A. 30A:30A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 30A:30A-5.

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.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

Miscellaneous

The school district adhered to the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities. The District submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

RECOMMENDATIONS

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Program

None

School Food Service

None

Student Body Activities

None

Pupil Transportation

None

Facilities and Capital Assets

None

Application for State School Aid

None

Miscellaneous

None

Prior Year Audit Findings

Not Applicable.

**HAMILTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	2018-19 Application for State School Aid (10/14/17 data)						Sample for Verification				Private School for Disabled					
	Reported as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day PreK-3 year old	17		17		-		1		1		-					
Half Day PreK-4 year old	103		103		-		3		3		-					
Full Day PreK-3 year old																
Full Day PreK-4 year old																
Half Day K																
Full Day K																
One	771		771		-		21		21		-					
Two	771		771		-		21		21		-					
Three	724		724		-		20		20		-					
Four	786		786		-		22		22		-					
Five	725		725		-		20		20		-					
Six	682		682		-		19		19		-					
Seven	714		714		-		20		20		-					
Eight	714		714		-		20		20		-					
Nine	736		736		-		20		20		-					
Ten	807		807		-		22		22		-					
Eleven	732	2	732	2	-		20		20		-					
Twelve	733	53	733	53	-		20		20		-					
Post-Graduate	704	94	704	94	-		19		19		-					
Adult H.S. (15+ CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	9,719	149	9,719	149	-		268		268		-					
Sp. Ed. - Elementary	601		601		-		17		17		-		7		6	
Sp. Ed. - Middle School	424		424		-		9		9		-		17		15	
Sp. Ed. - High School	538	94	538	94	-		15		15		-		26		22	
Subtotal	1,563	94	1,563	94	-		41		41		-		50		43	
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec																
Totals	11,282	243	11,282	243	-		309		309		-		50		43	
Percentage Error					0%						0%					100%

HAMILTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	Resident Low Income			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 as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day PreK-3 year old	278	278	-	18	18	-	12	12	-	7	7	-
Half Day PreK-4 year old	327	327	-	21	21	-	32	32	-	21	21	-
Full Day PreK-3 year old	289	289	-	19	19	-	32	32	-	10	10	-
Full Day PreK-4 year old	344	344	-	22	22	-	32	32	-	18	18	-
Half Day K	317	317	-	20	20	-	20	20	-	13	13	-
Full Day K	303	303	-	20	20	-	25	25	-	16	16	-
One	282	282	-	19	19	-	13	13	-	12	12	-
Two	282	282	-	18	18	-	10	10	-	7	7	-
Three	300	300	-	20	20	-	14	14	-	10	10	-
Four	324	324	-	21	21	-	28	28	-	9	9	-
Five	252	252	-	16	16	-	15	15	-	7	7	-
Six	246	246	-	17	17	-	16	16	-	6	6	-
Seven	227	227	-	16	16	-	6	6	-	3	3	-
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	3,780	3,780	-	247	247	-	255	255	-	139	139	-
Special Ed - Elementary	293	293	-	19	19	-	18	18	-	5	5	-
Special Ed - Middle	250	250	-	16	16	-	3	3	-	1	1	-
Special Ed - High	319	319	-	21	21	-	4	4	-	1	1	-
Subtotal	862	862	-	56	56	-	25	25	-	7	7	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.	2	2	-									
Secure Care	2	2	-									
Mental Health Center	2	2	-									
Juvenile Community Center	2	2	-									
Juvenile Detention Center	2	2	-									
Totals	4,650	4,650	-	303	303	-	279	279	-	146	146	-
Percentage Error			0%			0%			0%			0%

Transportation

	Reported on DRTS by DOE/county			Reported on DRTS by District			Errors		
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors	Tested	Verified	Errors
Reg - Public Schools, col. 2, 3, 4, 5	2,824	2,824	-	196	196	-			
Reg -Sp Ed, col. 8, 9, 10	512	512	-	35	35	-			
Nonpublic Transported, col 6	569	569	-	39	39	-			
Special Ed Spec, col 1, 2, 3, 6, 7, 8	477	477	-	33	33	-			
Totals	4,381	4,381	-	303	303	-			
Percentage Error			0%			0%			0%

Avg. Mileage - Regular Including Grade PK students
 Avg. Mileage - Regular Excluding Grade PK students
 Avg. Mileage - Special Ed with Special Needs

Reported
 Calculated
 4.3
 4.3
 6.5

HAMILTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day PreK-4 year old	12	12	-	8	8	-
Full Day PreK-3 year old	10	10	-	4	4	-
Full Day PreK-4 year old	6	6	-	4	4	-
Half Day K	5	5	-	4	4	-
Full Day K	5	5	-	4	4	-
One	6	6	-	4	4	-
Two	7	7	-	6	6	-
Three	3	3	-	7	7	-
Four	12	12	-	2	2	-
Five	5	5	-	10	10	-
Six	8	8	-	4	4	-
Seven	8	8	-	5	5	-
Eight	8	8	-	7	7	-
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	92	92	-	69	69	-
Special Ed - Elementary	2	2	-	1	1	-
Special Ed - Middle						
Special Ed - High						
Subtotal	2	2	-	1	1	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	94	94	-	70	70	-
Percentage Error			0%			0%

EXCESS SURPLUS CALCULATION

SECTION 1

General Fund Expenditures:

Fiscal Year Ended June 30, 2018 \$222,389,087

Increased by:

Transfer from Capital Outlay to Capital Projects

222,389,087

Less On-Behalf TPAF Pension and Social Security

\$36,194,807

36,194,807

Adjusted General Fund Expenditures

186,194,280

Excess Surplus Percentage

2.00%

Subtotal

3,723,886

Increased by:

Extraordinary Aid (Unbudgeted)

432,411

Non-Public Transportation Aid (Unbudgeted)

96,518

528,929

Maximum Unreserved/Undesignated Fund Balance

\$4,252,815

SECTION 2

Total General Fund Balance

\$22,111,844

Decreased by:

Non-Spendable Inventory

228,815

Restricted:

Excess Surplus - Designated for Subsequent Year's Expenditures

2,597,251

Maintenance Reserve

689,592

Capital Reserve

5,764,405

Assigned:

Year End Encumbrances

802,793

Designated for Subsequent Year's Expenditures

5,361,000

15,443,856

Total Unassigned Fund Balance

6,667,988

Reserved Fund Balance-Excess Surplus

\$2,415,173

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2018:

Reserved Excess Surplus-Designated for Subsequent Years Expenditures

2,597,251

Reserved Excess Surplus

2,415,173

Total

5,012,424

