



**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT**

**AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS—  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

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

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report .....	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance .....	2
Official Bonds .....	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting	
Examination of Claims.....	2
Payroll Account and Position Control Roster .....	2
Reserve for Encumbrances and Accounts Payable .....	3
Classification of Expenditures .....	3
• General Classifications	
• Administrative Classifications	
Board Secretary's Records.....	3
Treasurer's Records .....	3
Elementary and Secondary Education Act as Amended by the Every Student Succeeds Act (ESSA).....	3
Other Special Federal and/or State Projects .....	4
T.P.A.F. Reimbursement.....	4
Nonpublic State Aid.....	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids .....	4
School Food Service.....	5
Student Body Activities.....	6
Application for State School Aid (ASSA).....	6
Pupil Transportation .....	6
Facilities and Capital Assets.....	6
Miscellaneous .....	7
Follow-up on Prior Year's Findings.....	7
Acknowledgment.....	7
Schedule of Audited Enrollments.....	8
Excess Surplus Calculation .....	11
Audit Recommendations Summary.....	13



## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Hopewell Valley Regional School District  
County of Mercer, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Hopewell Valley Regional School District, County of Mercer for the year ended June 30, 2020, and have issued our report thereon dated January 26, 2021.

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 and use of the Hopewell Valley Regional School District's management and Board members, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Scott Clelland  
Licensed Public School Accountant  
No. 1049

WISS & COMPANY, LLP

January 26, 2021  
Florham Park, New Jersey

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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

Insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Robert Colavita	Business Administrator/Board Secretary	\$ 120,000
James Bartolomei	Treasurer of School Moneys	400,000

Tuition Charges

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

**Financial Planning, Accounting and Reporting**

Examination of Claims

An examination of claims paid during the period under review indicated no discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all 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 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 benefit premium withholdings 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.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

No exceptions were noted during our testing of payroll.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not identify and inconsistencies between the payroll records, employee benefit records and the general ledger accounts to where wages are posted.

Reserve for Encumbrances and Accounts Payable

A review 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 identified.

Classification of 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. We also reviewed the coding of all 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% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not identify any exceptions.

Treasurer's Records

No exceptions were noted during our review of the financial and accounting records maintained by the Treasurer.

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 Comprehensive Annual Financial Report (CAFR). This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. indicated no instances of noncompliance and/or questionable costs.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (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. The study of compliance for the other special projects indicated no instances of noncompliance or questioned costs that are required to be reported in accordance with the Uniform Guidance or State Circular NJ OMB 15-08.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for District employees who are members of the Teacher's Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The school district was not required to reimburse the state for the TPAF/FICA payments made by the State on-behalf of the school district as no employee's salaries were identified as being paid from federal funds.

Non-Public State Aid

Our review of Nonpublic State Aid completion reports disclosed no exceptions.

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (the Business Administrator is a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under *N.J.S.A. 18A:39-3* is \$19,000 for 2019-20.

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 solicitor's opinion should be sought before a commitment is made.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

Based on the results of our examination, 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 provisions 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 school food service program was not selected as a major federal program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or 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 noted.

Exhibits reflecting Child Nutrition Program operations are included in the B-4 through B-6 section of the CAFR.

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

*COVID-19 EMERGENCY*

In accordance with the Governor’s Declaration of Emergency pertaining to the COVID-19 Virus, all Public, Charter, and Non-Public schools were ordered to close effective March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFA’s were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and *N.J.S.A. 18A:18A-7*. The SFA’s were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFA’s were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible 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.

**Student Body Activities**

During our testing of the student activity funds, the following was noted:

Finding 2020-001

*Finding:*

We identified instances where cash receipts received by certain schools were not promptly deposited pursuant to *N.J.A.C. 6A:23A-16.12*.

*Recommendation:*

We suggest that all schools follow District guidelines and ensure cash receipts are deposited timely.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. 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 as identified in the Schedule of Audited Enrollments, with minor differences.

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

The District has adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

Because Transportation Aid was not tested as a major program in the 2020 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared to the information presented by the District without exception.

Our procedures also included a review of transportation related contracts and purchases. Based on our testing, the 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 review of transportation related purchases of goods and services.



**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

**Facilities and Capital Assets**

Our procedures included a review of the New Jersey Schools Development Authority (“NJSDA”) grant agreement for consistency with recording NJSDA revenue, transfer of local funds from the General Fund or from the capital reserve account and awarding of contracts for eligible facilities construction. No current year NJSDA activity was noted.

**Miscellaneous**

Testing for Lead of All Drinking Water in Educational Facilities

The District adhered to all 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)*.

**Follow-up on Prior Year’s Findings**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year findings as the current year finding relates to different schools than in the prior year.

There were no Office of Fiscal Accountability and Compliance (“OFAC”) audit reports issued during the 2020 fiscal year.

**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.



**SCHEDULE OF AUDITED ENROLLMENTS**

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019**

**Note:** Detailed testing over DRTRS and Non-public transportation was not performed for the fiscal year ending June 30, 2020 as Transportation Aid was not tested as a major program in the current year for Single Audit purposes.

	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 Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One	4	4		2	2		1	1		1	1	
Two	5	5		4	4		2	3		3	3	
Three	4	4		3	3		1	1		1	1	
Four	3	3		1	1							
Five	6	6		3	3		1	1		1	1	
Six	8	8		5	5							
Seven	5	5		4	4							
Eight	10	10		5	5							
Nine	4	4		4	4							
Ten	9	9		9	9		1	1		1	1	
Eleven	4	4		5	5		2	2		2	2	
Twelve	9	9		5	5							
Post-Graduate	13	13		9	9							
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	84	84	-	59	59	-	7	8	1	8	8	-
Special Ed - Elementary	10	10		6	6		1	1		1	1	
Special Ed - Middle	10	10		6	6							
Special Ed - High	21	21		15	15		1	1		1	1	
Subtotal	41	41	-	27	27	-	2	2	-	2	2	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	125	125	-	86	86	-	9	10	1	9	9	-
Percentage Error			0.00%			0.00%			11.76%			0.00%
<b>Transportation</b>												
	Reported on DRTRS by District	Reported on DRTRS by DOE/county	Errors	Tested	Verified	Errors						
Reg. - Public Schools	1,557.0	1,557.0										
Reg -SpEd	280.0	280.0										
Transported - All	236.0	236.0										
Transported - Non-Public	82.0	82.0										
Special Ed Spec	134.0	134.0										
Totals	2,289.0	2,289.0	-	-	-	-						
Percentage Error			0.00%									
											Reported	Recalculated
											4.6	4.6
											4.6	8.5

Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)  
 Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)  
 Spec Avg. = Special Ed with Special Needs

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019**

**SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool					
Full Day Preschool					
Half Day Kindergarten					
Full Day Kindergarten					
One	2	2	1	1	
Two	1	1	1	1	
Three	2	2	2	2	
Four	3	3	3	3	
Five					
Six					
Seven					
Eight					
Nine					
Ten	1	1	1	1	
Eleven	1	1	1	1	
Twelve					
Post-Graduate					
Adult H.S. (15+CR.)					
Adult H.S. (1-14 CR.)					
Subtotal	10	10	9	9	-
Special Ed - Elementary	1	1			
Special Ed - Middle					
Special Ed - High					
Subtotal	1	1	-	-	-
Co. Voc. - Regular					
Co. Voc. Ft. Post Sec.					
Totals	11	11	9	9	-
Percentage Error		0.00%			0.00%

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2020**

**SECTION 1**

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

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 90,861,494	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK - Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK - Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension, medical, LTD & Social Security	\$ 12,433,252	(B2a)
Assets Acquired Under Capital Leases	\$ 124,310	(B2b)
Adjusted 2019-20 General Fund Expenditures [(B)-(B1s)-(B2s)]	\$ 78,303,932	(B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ 1,566,079	(B4)
Enter Greater of (B4) or \$250,000	\$ 1,566,079	(B5)
Increased by: Allowable Adjustment*	\$ 696,853	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5) + (K)]	\$ 2,262,932	(M)

This adjustment line (line (K) as detailed below) is to be utilized for Federal Impact Aid, Sale, Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, Recognized current year School Bus Advertising Revenue and Family Crisis Transportation Aid, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2019-20 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

\*

**Detail of Allowable Adjustments**

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ 673,073	(J1)
Additional Nonpublic School Transportation Aid	\$ 23,780	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ 696,853	(K)

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2020**

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2020	\$ 14,204,293 (C)
Decreased by:	
Year-end Encumbrances	\$ 908,293 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ - (C3)
Other Restricted Fund Balances****	\$ 8,002,344 (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ 3,002,512 (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2020 - August 1, 2020 *****	\$ - (C6)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	 <u>\$ 2,291,144 (U1)</u>

**Detail of Other Restricted Fund Balance**

**Statutory restrictions:**

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ 7,911,206
Maintenance reserve	\$ 91,138
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 General Fund Reserve (Sections 8007 and 8008)	\$ -
Other state/government mandated reserve	\$ -
[Other Restricted Fund Balance not noted above]*****	\$ -
 Total Other Restricted Fund Balance	 <u>\$ 8,002,344 (C4)</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	 <u>\$ 28,212 (E)</u>
 <b>Recapitulation of Excess Surplus as of June 30, 2020</b>	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Reserved Excess Surplus *** [(E)]	\$ 28,212 (E)
 Total [(C3)+(E)]	 <u>\$ 28,212 (D)</u>

Line

\*\* This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amounts must agree to the June 30, 2020 CAFR 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.

\*\*\*\*\* Increase in Assigned Fund Balance - Unreserved-Designated for Subsequent Year's expenditures July 1, 2020 to August 1, 2020 resulting from decrease in state aid after adoption of 2020-21 district budget.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2020**

**Audit Recommendations Summary**

We suggest the following:

1. Administrative Practices and Procedures – None.
2. Financial Planning, Accounting and Reporting – None.
3. School Purchasing Programs – None.
4. School Food Service – None.
5. Student Body Activities –  
2020-001 – The schools follow District guidelines and ensure cash receipts are deposited timely.
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 – All prior year findings have been corrected.