

Auditor's Management Report

for the

*Hamilton Township
School District*

in the

*County of Mercer
New Jersey*

for the

*Fiscal Year Ended
June 30, 2021*

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

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Tax ID Number 21-6000323



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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, 2021, and have issued our report dated February 8, 2022.

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 8, 2022

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 ACFR. (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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I, II, III and VI 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 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.

**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.18A:18A-3 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 \$32,000.00, 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. (pending before the Legislature as section 15 of this bill) 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 \$44,000.00. Such authorization may be granted for each contract for 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. 18A:18A-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. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A.18A:18A-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."

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$32,000.00. 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 \$44,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

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. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-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. Our examination did reveal however, that the district made purchases through the use of state contracts.

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFAs) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During 2020-2021 the public health emergency was still applicable. As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program.

SFAs 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 SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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

School Food Service (Continued)

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We 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 or indirect costs. There were no exceptions noted.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the payroll protection plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC cost reimbursable fixed price or non-competitive emergency procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return an operating profit of at least \$40,000.00. The operating provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue, transfer of local funds from the general or capital reserve account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

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 onroll, private schools for the disabled, and low income. 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 without exception. The information that was included on the workpapers was verified with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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.

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).

Follow-Up Prior Year's Audit Findings

In accordance with *Government Auditing Standards*, our procedures included a review of the prior year audit recommendations. There were no prior year audit findings.

**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 15, 2020**

	2021-22 Application for State School Aid (10/15/20 data)				Sample for Verification				Private School for Disabled					
	Reported as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Registers Verified per		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day PreK-3 year old	13		13											
Half Day PreK-4 year old	70		70				2		2					
Full Day PreK-3 year old														
Full Day PreK-4 year old														
Half Day K														
Full Day K														
One	748		748				20		20					
Two	779		779				21		21					
Three	774		774				21		21					
Four	725		725				20		20					
Five	759		759				21		21					
Six	708		708				20		20					
Seven	777		777				21		21					
Eight	738		738				20		20					
Nine	721		721				20		20					
Ten	751		751				21		21					
Eleven	774		774				21		21					
Twelve	673	75	673	75			19	2	19					2
Post-Graduate	670	91	670	91			18	3	18					3
Adult H.S. (15+ CR.)														
Adult H.S. (1-14 CR.)														
Subtotal	9,680	166	9,680	166			265	5	265					5
Sp. Ed. - Elementary	599		599				17		17				13	10
Sp. Ed. - Middle School	453		453				12		12				11	14
Sp. Ed. - High School	516	113	516	113			14	3	14				33	20
Subtotal	1,568	113	1,568	113			43	3	43				57	44
Co. Voc. - Regular														
Co. Voc. Ft. Post.Sec.														
Totals	11,248	279	11,248	279			308	8	308				57	44
Percentage Error					0%					0%				

**HAMILTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	Resident Low Income		Sample for Verification		Resident LEP Low Income		Sample for Verification	
	Reported on A.S.S.A. as Low Income	Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP low Income	Workpapers as LEP low Income	Sample Selected from Workpapers	Verified to Test Score and Register
Half Day PreK-3 year old	297.0	297.0	22.0	22.0	23.0	23.0	13.0	13.0
Half Day PreK-4 year old	351.0	351.0	23.0	23.0	39.0	39.0	21.0	21.0
Full Day PreK-3 year old	358.0	358.0	22.0	22.0	52.0	52.0	18.0	18.0
Full Day PreK-4 year old	333.0	333.0	20.0	20.0	47.0	47.0	15.0	15.0
Half Day K	334.0	334.0	19.0	19.0	35.0	35.0	22.0	22.0
Full Day K	307.0	307.0	22.0	22.0	30.0	30.0	16.0	16.0
One	351.0	351.0	21.0	21.0	27.0	27.0	13.0	13.0
Two	333.0	333.0	19.0	19.0	32.0	32.0	13.0	13.0
Three	302.0	302.0	17.0	17.0	23.0	23.0	12.0	12.0
Four	294.0	294.0	20.0	20.0	31.0	31.0	14.0	14.0
Five	295.0	295.0	16.0	16.0	35.0	35.0	6.0	6.0
Six	248.0	248.0	15.0	15.0	18.0	18.0	9.0	9.0
Seven	228.5	228.5	13.0	13.0	22.0	22.0	7.0	7.0
Subtotal	4,031.5	4,031.5	249.0	249.0	414.0	414.0	179.0	179.0
Special Ed - Elementary	296.0	296.0	21.0	21.0	26.0	26.0	13.0	13.0
Special Ed - Middle	253.0	253.0	15.0	15.0	9.0	9.0	4.0	4.0
Special Ed - High	306.0	306.0	18.0	18.0	2.0	2.0	1.0	1.0
Subtotal	855.0	855.0	54.0	54.0	37.0	37.0	18.0	18.0
Co. Voc. - Regular								
Co. Voc. Ft. Post Sec.								
Sp Ed Alt Voc High	1.0	1.0						
Res. Mental Health Center								
DCF Regional Day School	1.0	1.0						
DYFS Residential CTRS	1.0	1.0						
Juvenile Detention Center								
Totals	4,889.5	4,889.5	303.0	303.0	451.0	451.0	197.0	197.0
Percentage Error		0%		0%		0%		0%

	Transportation			Re-Reported	Calculated
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors		
Reg. - Public Schools, col. 2, 3, 4, 5	3,166.0	3,166.0	210.0	4.5	NR
Reg - Sp Ed, col. 8, 9, 10	679.0	679.0	45.0	4.5	NR
Nonpublic Transported, col. 6	255.0	255.0	17.0	4.5	NR
Special Ed Spec, col. 1,2,3,6,7,8	482.0	482.0	31.0	6.3	NR
Totals	4,582.0	4,582.0	303.0		
Percentage Error		0%			

NR No exceptions found, therefore, recalculation of mileage is not required

**HAMILTON TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2020**

	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	21.0	21.0		10.0	10.0	
Full Day PreK-3 year old	12.0	12.0		7.0	7.0	
Full Day PreK-4 year old	9.0	9.0		8.0	8.0	
Half Day K	8.0	8.0		5.0	5.0	
Full Day K	17.0	17.0		9.0	9.0	
One	16.0	16.0		7.0	7.0	
Two	5.0	5.0		4.0	4.0	
Three	10.0	10.0		6.0	6.0	
Four	6.0	6.0		6.0	6.0	
Five	10.0	10.0		6.0	6.0	
Six	21.0	21.0		15.0	15.0	
Seven	11.0	11.0		8.0	8.0	
Eight	12.0	12.0		7.0	7.0	
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	158.0	158.0		98.0	98.0	
Special Ed - Elementary	1.0	1.0		1.0	1.0	
Special Ed - Middle	1.0	1.0		1.0	1.0	
Special Ed - High						
Subtotal	2.0	2.0		2.0	2.0	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	160.0	160.0		100.0	100.0	
Percentage Error			0%			0%

EXCESS SURPLUS CALCULATION

SECTION 1

General Fund Expenditures:		\$230,438,259
Fiscal Year Ended June 30, 2021		
Less On-Behalf TPAF Pension and Social Security	\$35,685,072	35,685,072
Adjusted General Fund Expenditures		194,753,187
Excess Surplus Percentage		4.00%
Subtotal		7,790,127
Increased by:		
Extraordinary Aid (Unbudgeted)	1,226,996	
Non-Public Transportation Aid (Unbudgeted)	152,633	
		1,379,629
Maximum Unreserved/Undesignated Fund Balance		\$9,169,756

SECTION 2

Total General Fund Balance		\$27,905,652
Decreased by:		
Restricted:		
Capital Reserve	\$11,748,737	
Maintenance Reserve	1,323,013	
State Unemployment Insurance	2,454,053	
Assigned:		
Year End Encumbrances	2,119,381	
Designated for Subsequent Year's Expenditures - SEMI/FFCRA	19,206	
Designated for Subsequent Year's Expenditures	5,000,000	
		22,664,390
Total Unassigned Fund Balance		5,241,262
Restricted Fund Balance-Excess Surplus		-0-

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2021:		
Restricted Excess Surplus-Designated for Subsequent Years Expenditures		-0-
Restricted Excess Surplus		-0-
Total		-0-

