

Auditor's Management Report

for the

*Hamilton Township
School District*

in the

*County of Mercer
New Jersey*

for the

*Fiscal Year Ended
June 30, 2023*

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

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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, 2023, and have issued our report dated December 20, 2023.

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.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

[Signature]
PUBLIC SCHOOL ACCOUNTANT NO. 2389

December 20, 2023

**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.

P.L 2020, c 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted included all health benefit plans offered by the district. The district's school project data certification was completed by the chief school administrator.

The district's project Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment ("billing") to sending Districts for the increase (decrease) in per pupil costs in accordance with N.J.A.C. 6A:23A-17.103, which is performed as part of the District's annual budget process.

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

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.

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.

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

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.

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.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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."

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 \$20,200.00.

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.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

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.

SFAs 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 students during the emergency.

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 School Food Service 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 were noted.

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

We 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.

Net cash resources did exceed three months average expenditures. The District is in the process of identifying ways to eliminate the excess

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

Student Body Activities

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2022-2023 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 14, 2022 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
ENROLLMENTS AS OF OCTOBER 14, 2022**

	2023-24 Application for State School Aid (10/14/22 data)						Sample for Verification			Errors per Registers on Roll		Private School for Disabled		
	Reported as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified per Registers on Roll		Reported on A.S.S.A. as Private Schools		Sample Verified	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample	Sample
Half Day PreK-3 year old	13		13											
Half Day PreK-4 year old	108		108				2		2					
Full Day PreK-3 year old														
Full Day PreK-4 year old														
Half Day K														
Full Day K	800		800				24		24					
One	786		786				20		20					
Two	775		775				19		19					
Three	701		701				17		17					
Four	737		737				18		18					
Five	734		734				18		18					
Six	750		750				19		19					
Seven	728		728				18		18					
Eight	823		823				20		20					
Nine	851		851				20		20					
Ten	790	1	790	1			20		20					
Eleven	658	90	658	90			20	2	20					
Twelve	663	108	663	108			20	3	20					
Post-Graduate														
Adult H.S. (15+ CR.)														
Adult H.S. (1-14 CR.)														
Subtotal	9,917	199	9,917	199			255	5	255					
Sp. Ed. - Elementary	752		752				20		20			12	10	10
Sp. Ed. - Middle School	465		465				15		15			19	15	15
Sp. Ed. - High School	494	112	494	112			20	3	20			28.5	19	19
Subtotal	1,711	112	1,711	112			55	3	55			59.5	44	44
Co. Voc. - Regular														
Co. Voc. Ft. Post Sec.														
Totals	11,628	311	11,628	311			310	8	310			59.5	44	44
Percentage Error								0%				0%		0%

**HAMILTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022**

	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	341	341		20	20		43	43		10	10	
Half Day PreK-4 year old	363	363		20	20		58	58		30	30	
Full Day PreK-3 year old	383	383		20	20		45	45		26	26	
Full Day PreK-4 year old	320	320		20	20		32	32		10	10	
Half Day K	339	339		20	20		29	29		10	10	
Full Day K	337	337		20	20		23	23		10	10	
One	332	332		20	20		18	18		10	10	
Two	317	317		20	20		21	21		10	10	
Three	340	340		20	20		31	31		20	20	
Four	341	341		20	20		24	24		10	10	
Five	292.5	292.5		20	20		27	27		10	10	
Six	223.5	223.5		20	20		39	39		20	20	
Seven	243	243		20	20		24	24		10	10	
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR)												
Adult H.S. (1-14 CR)												
Subtotal	4,172.0	4,172		260	260		414	414		186	186	
Special Ed - Elementary	372	372		20	20		18	18		7	7	
Special Ed - Middle	251	251		16	16		7	7		2	2	
Special Ed - High	252.5	252.5		16	16		8	8		2	2	
Subtotal	875.5	875.5		52	52		33	33		11	11	
Co. Voc. - Regular												
Co. Voc. FL Post Sec												
Sp Ed Alt Voc High												
Res. Mental Health Center	2	2										
DCF Regional Day School												
DYFS Residential CTRS	1	1										
Train Sch/Secure Care	1	1										
Juvenile Detention Center												
Totals	5,051.5	5,051.5		312	312		447	447		197	197	
Percentage Error			0%						0%			0%
Transportation												
Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors							
3,299	3,299		215	215								
597.5	597.5		38	38								
301	301		18	18								
565.5	565.5		32	32								
4,763	4,763		303	303								
Totals												
		0%			0%							
Reg - Public Schools, col. A 2,3,4,5												
Reg -Sp Ed, col. A 8,9,10												
Nonpublic Transported, col. A6												
Special Ed Spec, col. B 1,2,3,6,7,8												
Totals												
		0%			0%							

Reported 4.5
Re-Calculated 4.5
NR
NR
6.2
NR

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

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 14, 2022**

	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	31	31		15	15	
Full Day PreK-3 year old	20	20		15	15	
Full Day PreK-4 year old	16	16		10	10	
Half Day K	12	12		9	9	
Full Day K	14	14		10	10	
One	8	8		9	9	
Two	9	9		5	5	
Three	18	18		10	10	
Four	13	13		10	10	
Five	28	28		10	10	
Six	32	32		10	10	
Seven	21.5	22		10	10	
Eight	29.5	29.5		15	15	
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	252	252		138	138	
Special Ed - Elementary	4	4		1	1	
Special Ed - Middle	1	1		1	1	
Special Ed - High	3	3		1	1	
Subtotal	8	8		3	3	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	260	260		141	141	
Percentage Error			0%			0%

EXCESS SURPLUS CALCULATION

SECTION 1

General Fund Expenditures:

Fiscal Year Ended June 30, 2023 \$265,174,667

Increased by:

Less On-Behalf TPAF Pension and Social Security	\$47,846,098	
Assets Acquired Under Leases	121,648	
		47,967,746

Adjusted General Fund Expenditures 217,206,921

Excess Surplus Percentage 2.00%

Subtotal 4,344,138

Increased by:

Extraordinary Aid (Unbudgeted)	1,247,836	
Non-Public Transportation Aid (Unbudgeted)	169,060	
		1,416,896

Maximum Unreserved/Undesignated Fund Balance \$5,761,034

SECTION 2

Total General Fund Balance \$32,933,560

Decreased by:

Restricted:		
Capital Reserve	\$15,639,893	
Maintenance Reserve	762,654	
State Unemployment Insurance	2,511,967	
Assigned:		
Year End Encumbrances	3,236,816	
Designated for Subsequent Year's Expenditures - SEMI/FFCRA	21,196	
Designated for Subsequent Year's Expenditures	5,000,000	
		27,172,526

Total Unassigned Fund Balance 5,761,034

Restricted Fund Balance-Excess Surplus -0-

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2023:

Restricted Excess Surplus-Designated for Subsequent Years Expenditures -0-

Restricted Excess Surplus -0-

Total -0-

