

BOARD OF EDUCATION
TOWNSHIP OF HOPEWELL SCHOOL DISTRICT
COUNTY OF CUMBERLAND
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

TOWNSHIP OF HOPEWELL SCHOOL DISTRICT

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NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Hopewell School District
County of Cumberland, New Jersey 08349

We have audited, in accordance with generally accepted audit standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Hopewell School District in the County of Cumberland for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 issued in conjunction the Annual Comprehensive Financial Report of the Board of Education of the Township of Hopewell School District for the fiscal year ending June 30, 2023 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant

No. 915

December 4, 2023

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the Board of Education, the records of the Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the district's **ACFR**.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Stephanie Kuntz (To: June 30, 2023)	School Board Administrator/Board Secretary	\$ 10,000
Lisa DiNovi (From: July 1, 2023)	School Board Administrator/Board Secretary	\$ 10,000
Neil Young (To: June 30, 2023)	Treasurer of School Monies	\$250,000
Stacey Dillahey (From: July 1, 2023)	Treasurer of School Monies	\$250,000

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 did include all health benefit plans offered by school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

Tuition Charges

There were no charges representing payments from parents of students not residing in the school district. The board did not have any billings to sending districts for tuition and accordingly, there were no adjustments required arising from actual per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Administrative Practices and Procedures (Continued)

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

Financial Planning, Accounting and Reporting

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

Examination of Claims

An examination of claims paid during the period under review did not indicate any 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 School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

The payroll agency subsidiary record was balanced to the bank account by the business office during the extended audit submission period, which required an adjustment received from the business office for inclusion in the AFRS.

Employee Position Control Roster

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

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2023 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 reserves 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, 2023.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards

Various amounts over one year old, requiring adjustment were resolved.

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 0% error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings – NONE

B. Administrative Classification Findings - NONE

Board Secretary's Records

The financial records, books of accounts maintained by the Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Education for positive line item account status certifications (**N.J.A.C. 6:2-2.13**) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Considerable improvement was noted during the year regarding the maintenance of the general ledger and budget systems and while some adjustments were made, as part of the audit process, no recommendation is necessary.

Purchase orders were generally charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public School**.

Financial Planning, Accounting and Reporting (Continued)

Finding 2023-1

Numerous adjustments to the District's General Ledger were required to be recorded during the audit, resulting in the untimely processing of year-end financial reports.

Recommendation

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the General Ledger, in order to ensure accurate and timely financial records are made available for audit.

Finding 2023-2

The Board Secretary's and Treasurer's reports were not always presented to the Board in a timely fashion as prescribed (NJSA 18A:17-9 and 18A:17-36).

Recommendation

The Board Secretary's and Treasurer's reports should be presented monthly to the Board as prescribed.

Treasurer's Records – Board Secretary's Office

Board Secretary personnel prepared cash reconciliations for the general operating account, payroll account and payroll agency account per **N.J.S.A.** 18A:17-9.

The Treasury records were in agreement with the records of the Board Secretary. All cash receipts were promptly deposited. (N.J.S.A. 18A:17-34, 18A:17-9.1) and Treasury reports were filed in a timely manner.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

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, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. 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 study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B 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. The study of compliance for special projects indicated no areas of noncompliance.

Finding 2023-3

The special revenue fund included unidentified deferred revenue which was not distributed in the records or financial statements.

Recommendation

The unallocated deferred revenue in the special revenue fund should be identified and properly classified in the records during the subsequent year along with reflecting these items in the final grant reports.

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 Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports 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 and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website: http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200 for 2022-2023.

The District 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. 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.

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.

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 copiers were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

School Food Service

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.

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.

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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not 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. Exceptions were not noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (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. Exceptions were not noted.

Finding 2023-4

Net cash resources in the Food Service Fund exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity funds.

All receipts were promptly deposited.

A monthly report of student activity funds is being submitted to the Board. Vouchers and supporting invoices were maintained for the student activity fund purchases. All disbursements appeared to be supported by appropriate documentation.

Unemployment Trust

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Extended Day Program

Extended Day Program activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) is reported as an enterprise fund.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped 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. The information that was included on the workpapers was also verified to the school registers. 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.

Pupil Transportation

Our audit procedures included a test of the 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 without exception. The County Summary was also compared to the DRTRS Eligibility Summary Report and these two reports were in agreement. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2023-5

A parent was paid Aid-in-lieu but there was not a section in the DRTRS Report for the school that the student was to have attended.

Recommendation:

The district board of education should adopt internal controls designed to ensure that Aid-in-lieu payments for transportation of students should only be remitted and distributed to those parents of students that are shown on the district report to be attending the non-public school listed on the purchase order.

Our procedures included a review of transportation related contracts and purchases. Based on our review, 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.

Facilities and Capital Assets

Our review of facilities and capital assets did not disclose any exceptions.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

The test results were put on the district's website as well as being available at the school facility.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no findings in the prior 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in cursive script, appearing to read "Raymond Colavita".

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

NET CASH RESOURCE SCHEDULE

Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2023
HOPEWELL TOWNSHIP BOARD OF EDUCATION

<u>Net Cash Resources:</u>		Food Service G - 1/2	
ACFR	*	Current Assets	
G-1		Cash & Cash Equiv.	\$ 206,171
G-1		Due from Other Gov'ts	2,955
G-1		Accounts Receivable	
G-1		Investments	
ACFR		Current Liabilities	
G-1		Less Accounts Payable	(168)
G-1		Less Accruals	
G-1		Less Due to Other Funds	
G-1		Less Deferred Revenue	(454)
		Net Cash Resources	<u>\$ 208,504</u> (A)

Net Adj. Total Operating Expense:

G-2	Tot. Operating Exp.	352,839	
G-2	Less Depreciation	(10,127)	
	Adj. Tot. Oper. Exp.	<u>\$ 342,712</u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 34,271** (C)

Three times monthly Average:

3 X C **\$ 102,814** (D)

TOTAL IN BOX A	\$ 208,504
LESS TOTAL IN BOX D	\$ 102,814
NET	<u>\$ 105,690</u>
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF MEAL COUNT ACTIVITY

HOPEWELL SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND OVER/UNDERCLAIM-FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>(Over)/Under Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch	Paid	25,150	25,150	25,150	\$	0.79	
	Reduced	5,615	5,615	5,615		3.95	
	Free	20,216	20,216	20,216		4.35	
	Total	<u>50,981</u>	<u>50,981</u>	<u>50,981</u>		\$	
National School Lunch	HHFKA - PB Lunch Only	<u>50,981</u>	<u>50,981</u>	<u>50,981</u>	\$	0.08	\$
School Breakfast	Paid	12,838	12,838	12,838	\$	0.50	
	Reduced	2,872	2,872	2,872		2.37	
	Free	11,766	11,766	11,766		2.67	
	Total	<u>27,476</u>	<u>27,476</u>	<u>27,476</u>		\$	
TOTAL NET OVERCLAIM							\$

SCHEDULE OF MEAL COUNT ACTIVITY

HOPEWELL SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND OVER/UNDERCLAIM-STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>(Over)/Under Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
State Reimb. - National School Lunch	Paid	25,150	25,150	25,150		\$ 0.06	\$
	Reduced	5,615	5,615	5,615		0.47	
	Free	20,216	20,216	20,216		0.07	
	TOTAL	<u>50,981</u>	<u>50,981</u>	<u>50,981</u>			\$
State Reimb. - After Bell Breakfast	Paid/Reduced/Free	<u>27,476</u>	<u>27,476</u>	<u>27,476</u>		\$ 0.10	\$
State Reimb. - National School Breakfast Reduced		<u>2,872</u>	<u>2,872</u>	<u>2,872</u>		\$ 0.30	\$
TOTAL NET OVERCLAIM							\$

SCHEDULE OF AUDITED ENROLLMENTS

**HOPEWELL TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022**

	2023-2024 APPLICATION FOR STATE SCHOOL AID (10/15/22 DATA)						SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR DISABLED				
	Reported On A.S.S.A. 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	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 3 Years Old	28		28					11		11							
Half Day Preschool 4 Years Old	27		27					10		10							
Full Day Kindergarten	40		41		(1)			16		16							
One	40		39		1			15		15							
Two	31		33		(2)			13		13							
Three	47		46		1			18		18							
Four	43		43					17		17							
Five	37		36		1			14		14							
Six	44		48		(4)			18		18							
Seven	48		47		1			18		18							
Eight	51		52		(1)			20		20							
Nine																	
Ten																	
Eleven																	
Twelve																	
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	436	0	440	0	(4)	0		170	0	170	0	0	0	0	0	0	0
Special Ed - Elementary	42		44		(2)			17		17							
Special Ed - Middle	28		28					11		11							
Special Ed - High																	
Subtotal	70	0	72	0	(2)	0		28	0	28	0	0	0	0	0	0	0
Totals	506	0	512	0	(6)	0		198	0	198	0	0	0	0	0	0	0
Percentage Error					<u>-1.19%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	

SCHEDULE OF AUDITED ENROLLMENTS

HOPEWELL TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Half Day Preschool						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five	1	1				
Six	1	1				
Seven	3	3		1	1	
Eight	1	1				
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	6	6	0	1	1	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	6	6	0	1	1	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION**

SECTION 1

A. 2% Calculation of Excess Surplus

2022-2023 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>9,701,780</u>	(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 & Social Security	_____	(B2a)
Assets Acquired Under Capital Leases	_____	(B2b)
 Adjusted 2022-2023 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>7,689,158</u>	 (B3)
 2% of Adjusted 2022-2023 General Fund Expenditures [(B3) times .02]	 <u>153,783</u>	 (B4)
Enter Greater of (B4) or \$250,000	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment*	<u>53,356</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		 <u>\$ 303,356</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>2,597,590</u>	(C)
Decreased by:		
Year-end Encumbrances	_____	(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****	_____	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	_____	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		 <u>\$ 559,461</u> (U1)

SECTION 3

Section 1 Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>256,105</u>	(E)
<u>Recapitulation of Excess Surplus as of June 30, 2023</u>		
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	221,600	(C3)
Reserved Excess Surplus ***[(E)]	<u>256,105</u>	(E)
 Total Excess Surplus [(C3) + (E)]		 <u>\$ 477,705</u> (D)

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION**

SECTION 3 (CONTINUED)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.
 - (J5) Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-Back	_____ (I)
Extraordinary Aid	_____ (J1)
Additional Nonpublic School Transportation Aid	48,676 (J2)
Current Year School Bus Advertising Revenue Recognized	4,680 (J3)
Family Crisis Transportation Aid	_____ (J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4) + (J5)]	\$ 53,356 (K)

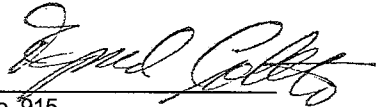
** This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2023 ACFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved 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.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	
Capital reserve	931,785
Maintenance reserve	477,727
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	
Reserve for Unemployment Fund	216,382
[Other Restricted Fund Balance not noted above] ****	
Total Other Restricted Fund Balance	\$ 1,625,894 (C4)



SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2023

Township of Hopewell School District

Recommendations:

1. Administrative Practices and Procedures - None
2. Financial Planning, Accounting and Reporting

Finding 2023-1

Recommendation

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the General Ledger, in order to ensure accurate and timely financial records are made available for audit.

Finding 2023-2

Recommendation

The Board Secretary's and Treasurer's reports should be presented monthly to the Board as prescribed.

3. Other Special Federal and/or State Projects –

Finding 2023-3

Recommendation

The unallocated deferred revenue in the special revenue fund should be identified and properly classified in the records during the subsequent year along with reflecting these items in the final grant reports.

4. School Purchasing Programs – None
5. School Food Service –

Finding 2023-4

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2023

Township of Hopewell School District

6. Student Body Activities - None
7. Application for State School Aid - None
8. Charter School Enrollment System(CHE) (Applicable to audits of charter schools)
N/A
9. Pupil Transportation

Finding 2023-5

Recommendation

The district board of education should adopt internal controls designed to ensure that Aid-in-lieu payments for transportation of students should only be remitted and distributed to those parents of students that are shown on the district report to be attending the non-public school listed on the purchase order.

10. Facilities and Capital Assets - None
11. Miscellaneous - None
12. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and there were no recommendations in the prior year.