

**TOWNSHIP OF HAMILTON**  
**BOARD OF EDUCATION**  
**AUDITORS' MANAGEMENT REPORT**  
**ON ADMINISTRATIVE FINDINGS**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**  
**JUNE 30, 2010**

**TOWNSHIP OF HAMILTON SCHOOL DISTRICT**  
**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 3, 2010

Honorable President and  
Members of the Board of Education  
Township of Hamilton School District  
County of Atlantic  
Mays Landing, New Jersey 08330

## REPORT OF INDEPENDENT AUDITORS

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 Hamilton School District in the County of Atlantic for the year ended June 30, 2010, and have issued our report thereon dated November 3, 2010.

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 of the Township of Hamilton Board of Education's management, the New Jersey Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

*Ford, Scott & Associates, L.L.C.*

**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Glen J. Ortman**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 853**

**TOWNSHIP OF HAMILTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND  
PERFORMANCE REPORTING**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/Assistant Superintendent of Business and the 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 Exhibit J-13, Insurance Schedule contained in the district's CAFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Martha J. Jameson	Business Administrator and Secretary of Board	\$100,000.00
Richard C. Tuthill	Treasurer	300,000.00
Crime Insurance		500,000.00

The Treasurer of School Moneys was bonded in a surety bond in accordance with provisions of Title 18A:17-32 above the minimum limits per the State Board promulgated schedule.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

**Financial Planning, Accounting and Reporting**

**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.

**Petty Cash**

Our audit included a test of petty cash disbursements. Proper support documentation was provided for each expense.

**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. The testing of payroll transactions revealed no exceptions.

**TOWNSHIP OF HAMILTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND  
PERFORMANCE REPORTING  
(CONTINUED)**

**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 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

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 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-2.4. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes were presented to us by the Secretary in a timely manner for audit and were complete. Our review of the financial and accounting records maintained by the board secretary revealed no exceptions.

Treasurer's Records

There were no items noted during our review of the Treasurer's records.

Elementary and Secondary Education Act (E.S.E.A)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I to IV of the Elementary and Secondary Education Act as amended.

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

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 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 special projects indicated no areas of noncompliance.

**TOWNSHIP OF HAMILTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND  
PERFORMANCE REPORTING  
(CONTINUED)**

**Financial Planning, Accounting and Reporting - Continued**

**I.D.E.A. Part B**

The study of compliance for the IDEA Part B indicated no areas of noncompliance.

**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.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$21,000 and \$16,200 respectively.

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.

Based on the results of my examination, I 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, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**School Food Services**

The financial transactions and statistical records for the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposits.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the district. The required verification procedure for free and reduced price applications was completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

**TOWNSHIP OF HAMILTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND  
PERFORMANCE REPORTING  
(CONTINUED)**

**School Food Services - Continued**

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

The cash disbursements records reflected expenditures for program-related goods and services. Adequate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service. Net cash resources exceeded three months average expenditures.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

***Finding #10-1:***

Net cash resources, of the District's Food Service Fund, exceeded three months average expenditures.

***Recommendation:***

That the School District initiate measures to reduce the net cash resources of the Food Service Fund to a level that does not exceed the three months average of expenditures.

**Community Education Fund**

Our review of the Community Education Fund found records to be in satisfactory condition.

**Student Body Activities**

Our review of the Student Body Activities accounts found the records to be in satisfactory condition.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2009 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual students. 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 verified. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalents. The District has adequate written procedures for the recording of student enrollment data overall.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2008-2009 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. 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.

**TOWNSHIP OF HAMILTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND  
PERFORMANCE REPORTING  
(CONTINUED)**

**Facilities and Capital Assets**

Our procedures included a review of the EDA grant agreement for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

**Follow-Up on Prior Year Findings**

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

**Suggestions to Management**

None

**Acknowledgment**

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

*Ford, Scott & Associates, L.L.C.*  
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No. 853



**SCHEDULE OF AUDITED ENROLLMENTS**

**Hamilton Township Board of Education  
Application for State School Aid Summary  
Enrollment as of October 15, 2009**

	2010-2011 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported On		Workpapers		Errors		Sample		Registers		Errors Per		Reported on ASOA as Private Schools	Sample for Verification	Sample	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	195		195		-		17		17		-					
Full Day Preschool					-											
Half Day Kindergarten	345		345		-		31		31		-					
Full Day Kindergarten	296		296		-		26		26		-					
One	299		299		-		27		27		-					
Two	308		308		-		27		27		-					
Three	315		315		-		28		28		-					
Four	263		263		-		23		23		-					
Five	306		306		-		27		27		-					
Six	253		253		-		23		23		-					
Seven	296		296		-		26		26		-					
Eight					-						-					
Nine					-						-					
Ten					-						-					
Eleven					-						-					
Twelve					-						-					
Adult HS 15 + CR					-						-					
Adult HS 1-14 CR					-						-					
Sub Total	2,876		2,876		-		255		255		-					
Sp Ed - Elementary	254		254		-		23		23		-		6	5	5	
Sp Ed - Middle School	179		179		-		16		16		-		3	8	8	
Sp Ed - High School					-						-					
Sub Total	433		433		-		39		39		-		9	13	13	
Co. Voc. Regular					-						-					
Co. Voc. Post Secondary					-						-					
Totals	3,309		3,309		-		294		294		-		9	13	13	
Percentage Error					0.00%						0.00%					0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**Hamilton Township Board of Education  
Application for State School Aid Summary  
Enrollment as of October 15, 2009**

	Resident Low Income		Sample for Verification		Resident LEP Low Income		Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers As Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Selected from Workpapers	Reported on ASSA as LEP Low Income	Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Score and Register
Half Day Preschool	53	53	11	11	-	1	1	1	1
Full Day Preschool	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-
One	127	127	24	24	-	8	8	7	7
Two	118	118	22	22	-	6	6	5	5
Three	110	110	21	21	-	4	4	3	3
Four	132	132	25	25	-	4	4	3	3
Five	131	131	25	25	-	8	8	7	7
Six	105	105	20	20	-	6	6	5	5
Seven	140	140	27	27	-	6	6	5	5
Eight	102	102	19	19	-	2	2	2	2
Nine	119	119	23	23	-	2	2	2	2
Ten	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-
Post Graduate	-	-	-	-	-	-	-	-	-
Adult HS (15+CR.)	-	-	-	-	-	-	-	-	-
Adult HS 1 - 14 CR	-	-	-	-	-	-	-	-	-
Sub Total	1,137	1,137	217	217	-	47	47	40	40
Sp Ed - Elementary	147	147	28	28	-	-	-	-	-
Sp Ed - Middle School	102	102	19	19	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-	-	-	-
Sent to CSSD	-	-	-	-	-	-	-	-	-
Sub Total	249	249	47	47	-	-	-	-	-
Co. Voc. Regular	-	-	-	-	-	-	-	-	-
Co. Voc. Post Secondary	-	-	-	-	-	-	-	-	-
Totals	1,386	1,386	264	264	-	47	47	40	40

Percentage Error 0.00% 0.00% 0.00%

	Transportation		Sample for Verification	
	Reported on DTRTS by County	DTRTS by District	Tested	Verified
Reg. - Public Schools, col. 1	2,434	2439	238	238
All, col. 2	51	51	5	5
Trans Nonpublic, col. 3	125	120	12	12
Reg Spec, col. 4	255	255	25	25
Special Ed Spec, col. 6	156	156	15	15
Totals	3,021.0	3,021.0	295	295

Percentage Error 0.00% 0.00% 0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**HAMILTON TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2009**

	Reported on A.S.A. as NOT Low Income	Resident LEP NOT Low Income Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	10	10	-	8	8	-
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	7	7	-	5	5	-
One	3	3	-	3	3	-
Two	2	2	-	2	2	-
Three	7	7	-	6	6	-
Four	1	1	-	1	1	-
Five	2	2	-	2	2	-
Six						
Seven	2	2	-	2	2	-
Eight	3	3	-	3	3	-
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR)						
Adult H.S. (1-14 CR)						
Subtotal	37	37	-	32	32	-
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	-	-	-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	37	37	-	32	32	-
Percentage Error			0.00%			0.00%

**HAMILTON TOWNSHIP BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2010**

**REGULAR DISTRICT**

**SECTION 1**

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

2009-10 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>39,996,655.92</u>	(B)
Increased by:			
Transfer to Food Service Fund	\$		(B1a)
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>91,330.00</u>	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>                    </u>	(B1c)
Decreased By:			
On-Behalf TPAF Pension & Social Security	\$	<u>2,494,111.77</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>                    -</u>	(B2b)
Adjusted 2009-10 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u><u>37,593,874.15</u></u>	(B3)
2% of Adjusted 2009-10 General Fund Expenditures [(B3) times .02]	\$	<u>751,877.48</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>751,877.48</u>	(B5)
Increased by: Allowable Adjustment*	\$	<u>201,118.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u><u>952,995.48</u></u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 06/30/10 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>4,410,437.85</u>	(C)
Decreased by:			
Reserved for Encumbrances	\$	<u>53,524.98</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>                    </u>	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>595,358.00</u>	(C3)
Other Reserved Fund Balances ****	\$	<u>2,030,887.18</u>	(C4)
Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>                    </u>	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u><u>1,730,667.69</u></u>	(U1)

**HAMILTON TOWNSHIP BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION 3**

Reserved Fund Balance - Excess Surplus \*\*\* [(U1)-(M)] IF NEGATIVE ENTER - 0 - \$ 777,672.21 (E)

**Recapitulation of Excess Surplus as of June 30, 2010:**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$ 595,358.00 (C3)  
Reserved Excess Surplus \*\*\* \$ 777,672.21 (E)

Total [(C3) + (E)] \$ 1,373,030.21 (D)

\* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>188,994.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>12,124.00</u> (J2)
Higher Expectations for Learning and Proficiency Aid	\$ _____ (J3)
 Total Adjustments [(H)+(I)+(J1) + (J2)]	 \$ <u>201,118.00</u> (K)

\*\* This amount represents the June 30, 2009 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

\*\*\* Amounts must agree to the June 30, 2010 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 10024.

\*\*\*\* 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 an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

**Detail of Other Reserved Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Capital outlay for a district with a capital outlay SGLA	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>1,630,887.18</u>
Maintenance reserve	\$ <u>400,000.00</u>
Tuition reserve	\$ _____
Other state/government mandated reserve	\$ _____
 [Other Reserved Fund Balance not noted above] ****	 \$ _____
 Total Other Reserved Fund Balance	 \$ <u>2,030,887.18</u> (C4)