

**Lawrence Township Board of Education**

**Auditor's Management Report**

**County of Mercer**

**June 30, 2019**

**Robert A. Hulsart & Company  
Certified Public Accountants  
2807 Hurley Pond Road, Suite 100  
Wall, New Jersey 07719**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<b><u>Page</u></b>
Report of Independent Auditors	1.
Administrative Findings - Financial, Compliance and Performance Reporting	
Scope of Audit	2.
Administrative Practices and Procedures	
Insurance	2.
Officials Bonds	2.
Tuition Charges	2.
Financial Planning, Accounting and Reporting	
Examination of Claims	2.
Payroll Account	2.
Reserve for Encumbrances and Accounts Payable	3.
Classification of Expenditures	3.
Board Secretary's Records	3.
Treasurer's Records	3.
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	3.
Other Special Federal and/or State Projects	3.
T.P.A.F. Reimbursement	3.
School Purchasing Program	
Contracts and Agreements Requiring Advertisement for Bids	4.
School Food Service Fund	5.
Student Activity Accounts/Board Accounts	5.
Pupil Transportation	6.
Application for State School Aid	6.
Follow-Up on Prior Year's Findings	6.
Acknowledgment	6.
2% Calculation of Excess Surplus	7.
Application for State School Aid Summary	8 to 10.
Number of Meals Served and (Over)/Under Claim	11.
Net Cash Resources Schedule	12.
Audit Recommendations Summary	13.

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

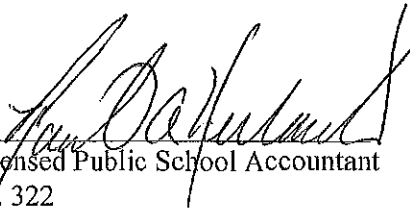
## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
Lawrence Township School District  
County of Mercer, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards, issued by the comptroller General of the United States, the general-purpose financial statements of the Board of Education of the Lawrence Township School District in the County of Mercer, for the year ended June 30, 2019, and have issued our report thereon dated December 5, 2019.

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 Lawrence Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Licensed Public School Accountant  
No. 322

**ROBERT A. HULSART AND COMPANY**

December 5, 2019

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**

**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 Board of Education, the records of the various funds 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 CAFR.

**Officials Bond (N.J.S.A. 18A:17-26.18A:17-32)**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Thomas Eldridge	Board Secretary/School Business Administrator	\$ 425,000
Peter Kiriakatis	Treasurer	425,000

**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.

**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/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

### **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.

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

### **Board Secretary's Records**

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions.

### **Treasurer's Records**

The Treasurer's records were in agreement with the records of the Board Secretary.

### **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 CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title IIA, Title III, Title III Immigrant of the E.S.E.A and Title IV.

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.

### **T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursement forms filed with 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, 2015 N.J.S. 18A:18A-3 was amended to read as follows:

- 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 \$40,000 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 therefore, 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 \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

Thomas Eldridge has been designated Certified Purchasing Officer by the Board of Education with the bid threshold at \$40,000.

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. N.J.S. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S. 18A:18A-4 is amended to read as follows:

- a. 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 therefore, except as is provided otherwise in this chapter or specifically by any other law.

The law regulating bidding for public school student transportation contracts under N.J.S.A. is \$19,000 for 2018-2019.

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.

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.

### **School Food Service Fund**

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.

The food services for 2018-19 were awarded to Maschios Food Services Inc. on their proposal of a guaranteed return of \$95,367 to the district, which has been met. This amount returned was used for payroll purposes. 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 financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

Prior to submitting reimbursement vouchers to the U.S. Department of Agriculture; the meals claimed were verified to the meal count activity records.

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 policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

Cash receipts and bank records were reviewed for timely deposits per state guidelines.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Maschios Food Services Inc.'s inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement records reflected expenditures for program related goods and services. Districts with food service management companies are depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

### **Student Activity Accounts/Board Accounts**

Overall, our review of the student activity funds found all records to be in good order.

### **Pupil Transportation**

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.

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district's procedures related to its completion.

### **Follow-up on Prior Years' Findings**

There were no prior year audit findings.

### **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.



**2% Calculation of Excess Surplus**

2018-19 Total General Fund Expenditures Per the CAFR	\$ 81,404,434
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(10,413,642)</u>
Adjusted 2018-19 General Fund Expenditures	<u>\$ 70,990,792</u>
2% of Adjusted 2018-19 General Fund Expenditures	\$ 1,419,816
Increased by: Allowable Adjustment	<u>665,584</u>
Maximum Unassigned Fund Balance	<u>\$ 2,085,400</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-19	\$ 8,386,194
Decreased by:	
Reserved for Encumbrances	(1,376,669)
Designated for Subsequent Year's Expenditures – BOE	(1,935,941)
Designated for Subsequent Year's Expenditures – Excess Surplus	(56,862)
Designated for Subsequent Year's Expenditures – Capital Reserve	(1,246,875)
Other Reserves	<u>(1,967,389)</u>
Total Unassigned Fund Balance	<u>\$ 1,802,458</u>
Current Year Excess Surplus	<u>\$ -0-</u>

**Section 3**

Excess Surplus – Current Year	\$
Designated for Subsequent Years Expenditures – Excess Surplus	<u>56,862</u>
	<u>\$ 56,862</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 553,847
Non-Public Transportation Aid	<u>111,737</u>
	<u>\$ 665,584</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 794,683
Emergency Reserve	200,000
Capital Reserve	<u>972,706</u>
Total Other Restricted Fund Balance	<u>\$ 1,967,389</u>

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2018

	2019-20 Application for State School Aid						Sample for Verification						Private Schools for Handicapped				
	Reported On		Reported on		Errors		Sample Selected		Verified Per		Errors Per Registers		Reported On	Sample for	Sample	Sample	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	A.S.S.A. as	Verification	Verified	Errors	
Full Day Preschool - 3 years	14		14					10		10							
Full Day Preschool - 4 years	25		25					9		9							
Full Day Kindergarten	238		238					62		62							
One	245		245					63		63							
Two	257		257					71		71							
Three	237		237					59		59							
Four	208		208					208		208							
Five	245		245					245		245							
Six	265		265					265		265							
Seven	252		252					252		252							
Eight	245		245					245		245							
Nine	265		265					265		265							
Ten	251		251					251		251							
Eleven	235	14	235	14				235	14	235	14						
Twelve	206	9	206	9				206	9	206	9						
Subtotal	3188	23	3188	23	-	-	2446	23	2446	23	-	-	-	-	-	-	-
Special Ed. - Elementary	260		260					145		145			8	8	8		
Special Ed. - Middle School	134		134					134		134			6	6	6		
Special Ed. - High School	152	14	152	14				152	14	152	14		13	13	13		
Subtotal	546	14	546	14	-	-	431	14	431	14	-	-	27	27	27		-
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	3734	37	3734	37	-	-	2877	37	2877	37	-	-	27	27	27		-
Percentage Error					0%	0%					0%	0%					0%

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2018

	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
Full Day Kindergarten	48	48		23	23		12	12		8	8	
One	58	58		21	21		7	7		5	5	
Two	47	47		19	19		10	10		7	7	
Three	61	61		12	12		3	3		2	2	
Four	53	53		18	18		3	3		2	2	
Five	65	65		10	10		2	2		1	1	
Six	65	65		16	16		2	2		1	1	
Seven	60	60		8	8		2	2		2	2	
Eight	63	63		15	15		3	3		1	1	
Nine	64	64		10	10		2	2		2	2	
Ten	55	55		9	9		3	3		1	1	
Eleven	50.5	50.5		12	12		1	1		1	1	
Twelve	41	41		7	7		2	2		1	1	
Subtotal	730.5	730.5	-	180	180	-	52	52	-	34	34	-
Special Ed. - Elementary	81	81		32	32		1	1		1	1	
Special Ed. - Middle School	44	44		13	13							
Special Ed.- High School	40	40		7	7							
Subtotal	165	165	-	52	52	-	1	1	-	1	1	-
Totals	895.5	895.5	-	232	232	-	53	53	-	35	35	-
Percentage Error			0.0%			0.0%			0.0%			0.0%

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated	
	Reg. - Public Schools	1,446.5	1,446.5		272	272			
Transported - Non-Public	280	280		147	147		Avg. Mileage - Regular Excluding Grade PK Students	4.2	4.2
Special Education - Regular	201.5	201.5		130	130		Avg. Mileage - Special Ed. With Special Needs	5.2	5.2
Special Educ. - Special Needs	228.5	228.5		130	130				
Totals	2,156.5	2,157	-	679	679	-			
Percentage Error			0%			0%			

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2018

Sheet 3 of 3

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as LEP Not Low Income</u>	<u>Reported on Workpapers as LEP Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten	16	16		10	10	
One	12	12		9	9	
Two	10	10		7	7	
Three	4	4		3	3	
Four	2	2		2	2	
Five						
Six	4	4		4	4	
Seven	3	3		2	2	
Eight	1	1		1	1	
Nine	5	5		5	5	
Ten	6	6		3	3	
Eleven	3	3		2	2	
Twelve	2	2		1	1	
Subtotal	<u>68</u>	<u>68</u>	<u>-</u>	<u>49</u>	<u>49</u>	<u>-</u>
Special Ed. - Elementary	1	1		1	1	
Special Ed. - Middle School						
Special Ed. - High School						
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
County Vocational - Regular						
Totals	<u>69</u>	<u>69</u>	<u>-</u>	<u>50</u>	<u>50</u>	<u>-</u>
Percentage Error			<u>0.0%</u>			<u>0.0%</u>

SCHEDULE OF MEAL COUNT ACTIVITY

LAWRENCE SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM-FEDERAL

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Regular Rate)*	Paid	178,190	74,853	74,853	-	\$ 0.36	-
	Reduced	29,855	12,675	12,675	-	2.965	-
	Free	93,195	39,596	39,596	-	3.365	-
Total Net Overclaim		<u>301,240</u>	<u>127,124</u>	<u>127,124</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Regular Rate)	Paid	572	327	327	-	\$ 0.31	-
	Reduced	208	127	127	-	1.49	-
	Free	1,113	670	670	-	1.79	-
Total Net Overclaim		<u>1,893</u>	<u>1,124</u>	<u>1,124</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Severe Needs Rate)	Paid	5,759	2,702	2,702	-	\$ 0.31	-
	Reduced	2,938	1,332	1,332	-	1.84	-
	Free	15,723	7,538	7,538	-	2.14	-
Total Net Overclaim		<u>24,420</u>	<u>11,572</u>	<u>11,572</u>	<u>-</u>		<u>-</u>

\* = For HHFKA Lunches - \$.06

LAWRENCE TOWNSHIP SCHOOL DISTRICTNET CASH RESOURCE SCHEDULENET CASH RESOURCES DID NOT EXCEED 3 MONTHS OF EXPENDITURESPROPRIETARY FUNDS - FOOD SERVICEFOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Net Cash Resources:</u>		<u>Food Service</u> <u>G - 1/2</u>
<b>CAFR</b>	<b>Current Assets</b>	
G-1	Cash & Cash Equivalents	\$ 211,976
G-1	Accounts Receivables	108,527
	<b>Current Liabilities</b>	
G-1	Less Accounts Payable	<u>(237,074)</u>
	<b>Net Cash Resources</b>	<u>\$ 83,429 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	1,566,088
G-2	Less Depreciation	<u>(47,793)</u>
	Adjusted Total Operating Expenses	<u>1,518,295 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 151,830 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 455,489</u>
Total in (A)		\$ 83,429
Less Total in (D)		<u>(455,489)</u>
Net		<u>\$ (372,060)</u>

**LAWRENCE TOWNSHIP SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Programs  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
There were no prior year recommendations.