

**Lawrence Township Board of Education**

**Auditor's Management Report**

**County of Mercer**

**June 30, 2021**

**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**

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# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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

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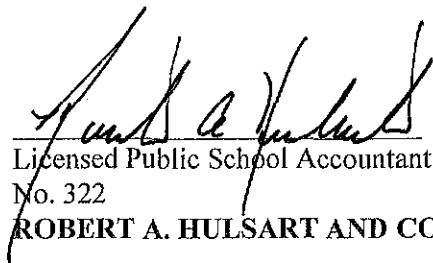
## REPORT OF INDEPENDENT AUDITORS

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, 2021, and have issued our report thereon dated February 11, 2022.

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

February 11, 2022

**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 ACFR.

**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 ACFR. This section of the ACFR 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 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 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**

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 \$19,600 for 2020-21.

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 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 provision of *N.J.S.A. 18A:18A-4*.

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

### **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 2020-21 were awarded to Maschios Food Services Inc. on their proposal of a guaranteed return of \$95,000 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.

### **School Food Service Fund (Continued)**

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, 2020 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.

**4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures Per the ACFR	\$ 86,520,175
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(13,592,125)</u>
Adjusted 2020-21 General Fund Expenditures	<u>\$ 72,928,050</u>
4% of Adjusted 2020-21 General Fund Expenditures	\$ 2,917,122
Increased by: Allowable Adjustment	<u>1,166,845</u>
Maximum Unassigned Fund Balance	<u>\$ 4,083,967</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-21	\$ 13,273,832
Decreased by:	
Reserved for Encumbrances	(979,042)
Designated for Subsequent Year's Expenditures – Capital Reserve	(1,406,250)
Designated for Subsequent Year's Expenditures – BOE	(1,907,347)
Designated for Subsequent Year's Expenditures – Excess Surplus	(118,530)
Unemployment	(612,424)
Other Reserves	<u>(4,177,922)</u>
Total Unassigned Fund Balance	<u>\$ 4,072,317</u>
Excess Surplus	<u>\$ 0</u>

**Section 3**

Excess Surplus – Current Year	\$ 0
Designated for Subsequent Years Expenditures – Excess Surplus	<u>118,530</u>
	<u>\$ 118,530</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 1,046,205
Non-Public Transportation Aid	<u>120,640</u>
	<u>\$ 1,166,845</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 1,328,182
Emergency Reserve	485,000
Capital Reserve	<u>2,364,740</u>
Total Other Restricted Fund Balance	<u>\$ 4,177,922</u>



LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 3

ENROLLMENT AS OF OCTOBER 15, 2020

	2021-22 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
	A.S.S.A. on Roll		Workpapers on Roll				from Workpapers		Registers on Roll		on Roll		A.S.S.A. as	Verification	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools			
Full Day Preschool - 3 years	7		7				7		7							
Full Day Preschool - 4 years	13		13				9		9							
Full Day Kindergarten	224		224				57		57							
One	222		222				44		44							
Two	222		222				64		64							
Three	224		224				53		53							
Four	219		219				219		219							
Five	231		231				231		231							
Six	205		205				205		205							
Seven	254		254				254		254							
Eight	258		258				258		258							
Nine	235		235				235		235							
Ten	237		237				237		237							
Eleven	250	11	250	11			250	11	250	11						
Twelve	231	14	231	14			231	14	231	14						
Subtotal	3032	25	3032	25	-	-	2354	25	2354	25	-	-	-	-	-	-
Special Ed. - Elementary	260		260				153		153				13	13	13	
Special Ed. - Middle School	142		142				142		142				10	10	10	
Special Ed. - High School	176	11	176	11			176	11	176	11			9.5	9.5	9.5	
Subtotal	578	11	578	11	-	-	471	11	471	11	-	-	32.5	32.5	32.5	-
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	3610	36	3610	36	-	-	2825	36	2825	36	-	-	32.5	32.5	32.5	-
Percentage Error					0%	0%					0%	0%				0%

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

	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
Preschool	20	20		16	16							
Full Day Kindergarten	55	55		17	17		14	14		10	10	
One	50	50		15	15		5	5		4	4	
Two	58	58		12	12		10	10		8	8	
Three	59	59		13	13		7	7		3	3	
Four	44	44		9	9		6	6		4	4	
Five	65	65		12	12		3	3		3	3	
Six	58	58		16	16		6	6		4	4	
Seven	73	73		8	8		3	3		2	2	
Eight	66	66		12	12		3	3		3	3	
Nine	73	73		10	10		4	4		2	2	
Ten	60	60		14	14		3	3		1	1	
Eleven	53.5	53.5		11	11							
Twelve	53.5	53.5		9	9		2	2				
Subtotal	788	788	-	174	174	-	66	66	-	44	44	-
Special Ed. - Elementary	88	88		31	31		2	2		2	2	
Special Ed. - Middle School	48	48		15	15							
Special Ed.- High School	66	66		12	12							
Subtotal	202	202	-	58	58	-	2	2	-	2	2	-
Totals	990	990	-	232	232	-	68	68	-	46	46	-
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	1,327.5	1,327.5		272	272		Avg. Mileage - Regular including Grade PK Students	4.2	4.2
Transported - Non-Public	52	52		52	52		Avg. Mileage - Regular Excluding Grade PK Students	4.2	4.2
Special Education - Regular	212.5	212.5		120	120		Avg. Mileage - Special Ed. With Special Needs	5.1	5.1
Special Educ. - Special Needs	220.0	220.0		130	130				
Totals	1,812.0	1,812.0	-	574	574	-			
Percentage Error			0%			0%			

**LAWRENCE SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2020**

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	10	10		9	9	
One	6	6		5	5	
Two	10	10		7	7	
Three	5	5		2	2	
Four	4	4		2	2	
Five	1	1		1	1	
Six	2	2		1	1	
Seven	4	4		2	2	
Eight	3	3		2	2	
Nine	3	3		2	2	
Ten	5	5		2	2	
Eleven	7	7		2	2	
Twelve	2	2		2	2	
Subtotal	<u>62</u>	<u>62</u>	<u>-</u>	<u>39</u>	<u>39</u>	<u>-</u>
Special Ed. - Elementary						
Special Ed. - Middle School						
Special Ed.- High School						
Subtotal	<u>0</u>	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>-</u>
County Vocational - Regular						
Totals	<u>62</u>	<u>62</u>	<u>-</u>	<u>39</u>	<u>39</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, 2021

<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				-	\$ 0.38	-
	Reduced				-	3.165	-
	Free	<u>82,995</u>	<u>38,255</u>	<u>38,255</u>	<u>-</u>	3.565	<u>-</u>
Total Net Overclaim		<u>82,995</u>	<u>38,255</u>	<u>38,255</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Severe Needs Rate)	Paid				-	\$ 0.30	-
	Reduced				-	1.96	-
	Free	<u>94,190</u>	<u>46,967</u>	<u>46,967</u>	<u>-</u>	2.26	<u>-</u>
Total Net Overclaim		<u>94,190</u>	<u>46,967</u>	<u>46,967</u>	<u>-</u>		<u>-</u>

\* = For HHFKA Lunches - \$.07

**LAWRENCE TOWNSHIP SCHOOL DISTRICT**

**NET CASH RESOURCE SCHEDULE**

**NET CASH RESOURCES DID NOT EXCEED 3 MONTHS OF EXPENDITURES**

**PROPRIETARY FUNDS - FOOD SERVICE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b><u>Net Cash Resources:</u></b>		<b><u>Food Service</u></b> <b><u>G - 1/2</u></b>
<b>CAFR</b>	<b>Current Assets</b>	
G-1	Cash & Cash Equivalents	\$ 132,319
G-1	Accounts Receivables	41,829
	<b>Current Liabilities</b>	
G-1	Less Accounts Payable	<u>(20,576)</u>
	<b>Net Cash Resources</b>	<u>\$ 153,572 (A)</u>
 <b><u>Net Adjustment Total Operating Expense:</u></b>		
G-2	Total Operating Expenses	681,979
G-2	Less Depreciation	<u>(41,098)</u>
	Adjusted Total Operating Expenses	<u>640,881 (B)</u>
 <b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<u>\$ 64,088 (C)</u>
 <b><u>Three Times Monthly Average</u></b>		
	3 X C	<u>\$ 192,264</u>
Total in (A)		\$ 153,572
Less Total in (D)		<u>(192,264)</u>
Net		<u>\$ (38,692)</u>

**LAWRENCE TOWNSHIP SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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.