

Lawrence Township Board of Education

Auditor's Management Report

County of Mercer

June 30, 2022

**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.

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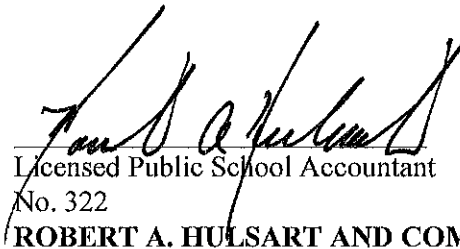
REPORT OF INDEPENDENT AUDITORS

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, 2022, and have issued our report thereon dated February 15, 2023.

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 15, 2023

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 and Title IV of the E.S.E.A.

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 2021-22.

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 contact 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 2021-22 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.

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.

Due to the ongoing public health emergency, New Jersey school districts were being reimbursed by the Federal Government at the free meal reimbursement rate for all lunches served, regardless of being free, reduced or at full price. This resulted in districts receiving an unprecedented amount of revenue in 2021-2022.

The district could not reasonably or responsibly spend this level of funding in a single fiscal year. To address this, the district has a plan in place to expend the funding responsibly over the next year. In our opinion it is unreasonable to cite the school districts management for a situation they had no control over.

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, 2021 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

2021-22 Total General Fund Expenditures Per the ACFR	\$ 92,969,917
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(17,236,182)</u>
Adjusted 2021-22 General Fund Expenditures	<u>\$ 75,733,735</u>
4% of Adjusted 2021-22 General Fund Expenditures	\$ 3,029,349
Increased by: Allowable Adjustment	<u>987,471</u>
Maximum Unassigned Fund Balance	<u>\$ 4,016,820</u>

Section 2

Total General Fund – Fund Balance @ 6-30-22	\$ 15,323,419
Decreased by:	
Reserved for Encumbrances	(4,112,817)
Designated for Subsequent Year's Expenditures – BOE	(1,000,000)
Unemployment	(612,424)
Other Reserves	<u>(4,715,710)</u>
Total Unassigned Fund Balance	<u>\$ 4,882,468</u>
Excess Surplus	<u>\$ 865,648</u>

Section 3

Excess Surplus – Current Year	\$ 865,648
Designated for Subsequent Years Expenditures – Excess Surplus	<u>0</u>
	<u>\$ 865,648</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 888,780
Non-Public Transportation Aid	<u>98,691</u>
	<u>\$ 987,471</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 1,252,620
Emergency Reserve	485,572
Capital Reserve	<u>2,977,518</u>
Total Other Restricted Fund Balance	<u>\$ 4,715,710</u>

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2021

	2022-23 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	Full	Shared	Full	Shared	from Workpapers	Registers on Roll	Full	Shared	Full	Shared	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	20		20				19		19								
Full Day Preschool - 4 years	35		35				23		23								
Full Day Kindergarten	223		223				44		44								
One	221		221				52		52								
Two	219		219				51		51								
Three	205		205				54		54								
Four	210		210				210		210								
Five	219		219				219		219								
Six	237		237				237		237								
Seven	213		213				213		213								
Eight	255		255				255		255								
Nine	258		258				258		258								
Ten	232		232				232		232								
Eleven	226	4	226	4			226	4	226	4							
Twelve	243	13	243	13			243	13	243	13							
Subtotal	3016	17	3016	17	-	-	2336	17	2336	17	-	-	-	-	-	-	-
Special Ed. - Elementary	271		271				175		175				10	10	10		
Special Ed. - Middle School	126		126				126		126				10	10	10		
Special Ed. - High School	171	19	171	19			171	19	171	19			13.5	13.5	13.5		
Subtotal	568	19	568	19	-	-	472	19	472	19	-	-	33.5	33.5	33.5		
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	3584	36	3584	36	-	-	2808	36	2808	36	-	-	33.5	33.5	33.5		
Percentage Error					0%	0%					0%	0%					0%

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2021

	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	15	15		5	5							
Full Day Kindergarten	39	39		20	20		6	6		4	4	
One	60	60		21	21		9	9		7	7	
Two	55	55		18	18		2	2		1	1	
Three	56	56		16	16		11	11		8	8	
Four	57	57		15	15		2	2		2	2	
Five	53	53		13	13		1	1		1	1	
Six	71	71		20	20		6	6		3	3	
Seven	61	61		16	16		3	3		2	2	
Eight	81	81		14	14		4	4		3	3	
Nine	74	74		12	12		2	2		2	2	
Ten	74	74		11	11		5	5		3	3	
Eleven	59.5	59.5		10	10		1	1		1	1	
Twelve	65	65		9	9							
Subtotal	820.5	820.5	-	200	200	-	52	52	-	37	37	-
Special Ed. - Elementary	89	89		23	23		3	3		2	2	
Special Ed. - Middle School	51	51		15	15							
Special Ed. - High School	68	68		16	16							
Subtotal	208	208	-	54	54	-	3	3	-	2	2	-
Totals	1028.5	1028.5	-	254	254	-	55	55	-	39	39	-
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	1,352.0	1,352.0		272	272		Avg. Mileage - Regular Including Grade PK Students	4.1
Transported - Non-Public	122	122		93	93		Avg. Mileage - Regular Excluding Grade PK Students	4.1	4.1
Special Education - Regular	213.5	213.5		122	122		Avg. Mileage - Special Ed. With Special Needs	5.7	5.7
Special Educ. - Special Needs	208.5	208.5		120	120				
Totals	1,896.0	1,896.0	-	607	607	-			
Percentage Error			0%			0%			

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2021

	<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		6		
One	5	5		3		
Two	4	4		3		
Three	3	3		3		
Four	3	3		3		
Five	1	1		1		
Six	1	1		1		
Seven	2	2		2		
Eight	1	1		1		
Nine	7	7		4		
Ten	6	6		3		
Eleven	6	6		3		
Twelve	2	2		2		
Subtotal	<u>51</u>	<u>51</u>	<u>-</u>	<u>35</u>	<u>0</u>	<u>-</u>
Special Ed. - Elementary	1	1		1		
Special Ed. - Middle School						
Special Ed. - High School						
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>0</u>	<u>-</u>
County Vocational - Regular						
Totals	<u>52</u>	<u>52</u>	<u>-</u>	<u>36</u>	<u>0</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, 2022

<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 (High Rate)**	Paid				-	\$ 0.47	-
	Reduced				-	3.385	-
	Free	<u>385,048</u>	<u>178,349</u>	<u>178,349</u>	<u>-</u>	3.785 *	<u>-</u>
Total Net Overclaim		<u>385,048</u>	<u>178,349</u>	<u>178,349</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Regular Rate)	Paid				-	\$ 0.33	-
	Reduced				-	1.67	-
	Free	<u>47,163</u>	<u>25,022</u>	<u>25,022</u>	<u>-</u>	1.97 *	<u>-</u>
Total Net Overclaim		<u>47,163</u>	<u>25,022</u>	<u>25,022</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Severe Needs Rate)	Paid				-	\$ 0.33	-
	Reduced				-	2.05	-
	Free	<u>85,610</u>	<u>40,543</u>	<u>40,543</u>	<u>-</u>	2.35 *	<u>-</u>
Total Net Overclaim		<u>85,610</u>	<u>40,543</u>	<u>40,543</u>	<u>-</u>		<u>-</u>

* - Seamless Summer Option

** = 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, 2022

<u>Net Cash Resources:</u>		<u>Food Service</u> <u>G - 1/2</u>
CAFR	Current Assets	
G-1	Cash & Cash Equivalents	\$ 254,155
G-1	Accounts Receivables	457,514
	Current Liabilities	
G-1	Less Accounts Payable	<u>(143,800)</u>
	Net Cash Resources	<u>\$ 567,869 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	1,917,057
G-2	Less Depreciation	<u>(41,098)</u>
	Adjusted Total Operating Expenses	<u>1,875,959 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 187,596 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 562,788</u>
Total in (A)		\$ 567,869
Less Total in (D)		<u>(562,788)</u>
Net		<u>\$ 5,081</u>

LAWRENCE TOWNSHIP SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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.