

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT  
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## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
Village of Loch Arbour School District  
County of Monmouth, 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 basic financial statements of the Board of Education of the Village of Loch Arbour School District in the County of Monmouth for the year ended June 30, 2022, and have issued our report thereon dated October 4, 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 Village of Loch Arbour 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. 2183

ALVINO & SHECHTER, L.L.C.

October 4, 2022

# ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

## Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary, 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-20, Insurance Schedule contained in the district's ACFR.

### Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Pia Lordi	School Business Administrator/Board Secretary	\$100,000.00

Adequacy of insurance coverage is the responsibility of the District.

### **Finding 2022-1:**

The amount of the surety bond of the School Business Administrator/Board Secretary was below the minimum amount required by N.J.S.A. 18A:17-32.

### **Recommendation:**

That the amount of the School Business Administrator/Board Secretary's surety bond be increased to comply with the minimum amount required by statute.

## 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 and Position Control Roster

The District had no employees for the fiscal year ended June 30, 2022.

The School Business Administrator/Board Secretary is paid by the Deal School District through a shared service agreement with the Village of Loch Arbour School District.

### Reserve for Encumbrances and Accounts Payable

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

## 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 state financial assistance 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 no errors were 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

## School Business Administrator/Board Secretary's Records

The records of the School Business Administrator/Board Secretary were properly maintained during the fiscal year ended June 30, 2022.

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

There were no Title I funds received for the fiscal year ended June 30, 2022.

## Other Special State Projects

There were no special state project funds received for the fiscal year ended June 30, 2022.

## 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 \$44,000.00 (with a qualified Purchasing Agent) and \$32,000.00 (without a qualified Purchasing Agent). The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200.00 for 2021-22.

The board of education has the responsibility of determining whether the expenditure 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.

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.

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 provision 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 minutes, vouchers and other supporting records indicate that no bids were required to be advertised during the year.

### **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 school for the handicapped, low-income and bilingual. 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 without exception. The information that was included on the workpapers was verified without exception. 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 procedures included a test of on roll status reported in the 2021-22 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 results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts. 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 service.

### **Follow-up on Prior Year Findings**

There were no prior year findings including recommendations.

### **Acknowledgment**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

SCHEDULE OF AUDITED ENROLLMENTS

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						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 Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool																
Half Day Kindergarten																
Full Day Kindergarten																
One																
Two																
Three																
Four																
Five																
Six																
Seven																
Eight																
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary																
Special Ed - Middle School																
Special Ed - High School													1	1	1	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0
Co. Voc. - Regular																
Co. Voc. Pt Post Sec.																
Totals	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0
Percentage Error					0%	0%						0%	0%			0%

**SCHEDULE OF AUDITED ENROLLMENTS**

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021**

	Resident 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
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary												
Special Ed - Middle												
Special Ed - High												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Pt. Post Sec.												
Totals	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Error			0%			0%			0%			0%

	Transportation						Reported	Recalculated	
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools, col. 1	6	6		6	6				
Transported - Non-Public, col.2	15	15		15	15				
Regular - Special Ed, col.4	1	1		1	1				
Special Ed - Spec. Needs, col. 6	2	2		2	2				
Totals	24	24	0	24	24	0			
Percentage Error			0%			0%			
							Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.6	4.6
							Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part A)	4.6	4.6
							Spec. Avg.(Mileage) = Special ed with special needs	12.2	12.2



SCHEDULE OF AUDITED ENROLLMENTS

VILLAGE OF LOCH ARBOUR 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 NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**A. 4% Calculation of Excess Surplus**

2021-22 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>266,568.07</u> (B)
Increased by Applicable Transfers:	
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 Pre K - Regular	\$ _____(B1c)
Transfer from General Fund to SRF for Pre K - Inclusion	\$ _____(B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ _____(B2a)
Assets Acquired Under Capital Assets	\$ _____(B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>266,568.07</u> (B3)
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times.04]	\$ <u>10,662.72</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000.00</u> (B5)
Increased by: Allowable Adjustment	\$ <u>22,036.00</u> (K)
Maximum Unassigned/Undesignated - Unreserved Balance [(B5)+(K)]	\$ <u>272,036.00</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-22 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>1,484,475.43</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	\$ <u>475,551.50</u> (C3)
Other Restricted Fund Balances	\$ _____(C4)
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	\$ <u>20,944.50</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>987,979.43</u> (U1)

**SECTION 3**

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 715,943.43(E)

**Recapitulation of Excess Surplus as of June 30, 2022**

Restricted Excess Surplus-Designated for Subsequent Year's  
Expenditures \$ 475,551.50(C3)  
Restricted Excess Surplus [(E)] \$ 715,943.43(E)  
Total [(C3)+(E)] \$ 1,191,494.93(D)

**Detail of Allowable Adjustments**

Impact Aid \$ \_\_\_\_\_(H)  
Sales & Lease-back \$ \_\_\_\_\_(I)  
Extraordinary Aid \$ 17,661.00(J1)  
Additional Nonpublic School Transportation Aid \$ 4,375.00(J2)  
Current Year School Bus Advertising Revenue Recognized \$ \_\_\_\_\_(J3)  
Family Crisis Transportation Aid \$ \_\_\_\_\_(J4)  
Maintenance of Equity Aid and State Military Impact Aid \$ \_\_\_\_\_(J5)  
  
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)] \$ 22,036.00(K)

**Detail of Other Restricted Fund Balance**

Statutory restrictions:  
Approved unspent separate proposal \$ \_\_\_\_\_  
Sale/lease-back reserve \$ \_\_\_\_\_  
Capital reserve \$ \_\_\_\_\_  
Maintenance reserve \$ \_\_\_\_\_  
Emergency reserve \$ \_\_\_\_\_  
Tuition reserve \$ \_\_\_\_\_  
Other state/government mandated 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 Capital Fund Reserve (Sections 8007 and 8008) \$ \_\_\_\_\_  
Other state/government mandated reserve \$ \_\_\_\_\_  
Reserve for Unemployment Fund \$ \_\_\_\_\_  
Other Restricted Fund Balance not noted above \$ \_\_\_\_\_  
  
Total Other Restricted Fund Balance \$ \_\_\_\_\_.00(C4)

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Recommendations:**

1. Administrative Practices and Procedures

It is recommended that the amount of the School Business Administrator/Board Secretary's surety bond be increased to comply with the minimum amount required by statute.

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. Follow-up on Prior Year Findings

There were no prior year findings including recommendations.