

**Lawrence Township Board of Education**

**Auditor's Management Report**

**County of Mercer**

**June 30, 2023**

**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	4 & 5.
Student Activity Accounts/Board Accounts	5.
Pupil Transportation	5.
Application for State School Aid	5.
Follow-Up on Prior Year's Findings	5.
Acknowledgment	5.
2% Calculation of Excess Surplus	6.
Application for State School Aid Summary	7 to 9.
Number of Meals Served and (Over)/Under Claim	10.
Net Cash Resources Schedule	11.
Audit Recommendations Summary	12.

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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.  

---

RICHARD J. HELLENBRECHT, 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

## 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, 2023, and have issued our report thereon dated January 15, 2024.

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**

January 15, 2024

**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 increase/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, 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 \$20,200 for 2022-23.

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 2022-23 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.

### **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.

### **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, 2022 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**

2022-23 Total General Fund Expenditures Per the ACFR	\$ 99,650,516
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(17,556,877)</u>
Adjusted 2022-23 General Fund Expenditures	<u>\$ 82,093,639</u>
2% of Adjusted 2022-23 General Fund Expenditures	\$ 1,641,873
Increased by: Allowable Adjustment	<u>1,613,641</u>
Maximum Unassigned Fund Balance	<u>\$ 3,255,514</u>

**Section 2**

Total General Fund -- Fund Balance @ 6-30-23	\$ 13,914,808
Decreased by:	
Reserved for Encumbrances	(1,630,191)
Designated for Subsequent Year's Expenditures -- BOE	(2,666,147)
Designated for Subsequent Year's Expenditures -- Excess Surplus	(865,648)
Unemployment	(612,424)
Other Reserves	<u>(5,055,928)</u>
Total Unassigned Fund Balance	<u>\$ 3,084,470</u>
Excess Surplus	<u>\$ 0</u>

**Section 3**

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

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 1,505,485
Non-Public Transportation Aid	<u>108,156</u>
	<u>\$ 1,613,641</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 1,302,310
Emergency Reserve	493,496
Capital Reserve	<u>3,260,122</u>
Total Other Restricted Fund Balance	<u>\$ 5,055,928</u>



**LAWRENCE SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 3

**ENROLLMENT AS OF OCTOBER 15, 2022**

	2023-24 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	14		14				13		13								
Full Day Preschool - 4 years	31		31				22		22								
Full Day Kindergarten	225		225				51		51								
One	234		234				52		52								
Two	214		214				55		55								
Three	207		207				47		47								
Four	197		197				197		197								
Five	208		208				208		208								
Six	223		223				223		223								
Seven	245		245				245		245								
Eight	214		214				214		214								
Nine	272		272				272		272								
Ten	261		261				261		261								
Eleven	225	7	225	7			225	7	225	7							
Twelve	231	14	231	14			231	14	231	14							
Subtotal	3001	21	3001	21	-	-	2316	21	2316	21	-	-	-	-	-	-	-
Special Ed. - Elementary	275		275				51		51				10	10	10		
Special Ed. - Middle School	152		152				152		152				15	13	13		
Special Ed. - High School	184	16	184	16			184	16	184	16			16	13	13		
Subtotal	611	16	611	16	-	-	387	16	387	16	-	-	41	36	36	-	-
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	3612	37	3612	37	-	-	2703	37	2703	37	-	-	41	36	36	-	-
Percentage Error					0%	0%					0%	0%					0%

**LAWRENCE SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2022**

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP Low Income</u>	<u>Reported on Workpapers as LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Preschool	23	23		6	6							
Full Day Kindergarten	51	51		18	18		4	4		4	4	
One	59	59		20	20		10	10		8	8	
Two	68	68		16	16		14	14		11	11	
Three	58	58		19	19		3	3		2	2	
Four	62	62		15	15		6	6		4	4	
Five	57	57		13	13		4	4		2	2	
Six	62	62		9	9		2	2		1	1	
Seven	77	77		18	18		8	8		5	5	
Eight	65	65		11	11		7	7		7	7	
Nine	94	94		21	21		6	6		2	2	
Ten	88	88		20	20		8	8		3	3	
Eleven	76.5	76.5		14	14		8	8		3	3	
Twelve	61.5	61.5		9	9		2.5	2.5		1	1	
Subtotal	902	902	-	209	209	-	82.5	82.5	-	53	53	-
Special Ed. - Elementary	104	104		23	23		4	4		4	4	
Special Ed. - Middle School	54	54		10	10		1	1		1	1	
Special Ed. - High School	82.5	82.5		12	12							
Subtotal	240.5	240.5	-	45	45	-	5	5	-	5	5	-
Totals	1142.5	1142.5	-	254	254	-	87.5	87.5	-	58	58	-
Percentage Error			0.0%			0.0%			0.0%			0.0%

**TRANSPORTATION**

	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>		<u>Reported</u>	<u>Recalculated</u>
	Reg. - Public Schools	1,279.5	1,279.5		264	264			Avg. Mileage - Regular Including Grade PK Students
Transported - Non-Public	126	126		95	95		Avg. Mileage - Regular Excluding Grade PK Students	4.2	4.2
Special Education - Regular	207.5	207.5		122	122		Avg. Mileage - Special Ed. With Special Needs	5.8	5.8
Special Educ. - Special Needs	223.5	223.5		128	128				
Totals	1,836.5	1,836.5	-	609	609	-			
Percentage Error			0%			0%			

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	<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	7	7		6	6	
One	12	12		9	9	
Two	1	1		1	1	
Three	2	2		1	1	
Four						
Five	5	5		3	3	
Six	1	1		1	1	
Seven	3	3		2	2	
Eight	1	1		1	1	
Nine	5	5		4	4	
Ten	5	5		2	2	
Eleven	5	5		3	3	
Twelve	4	4		3	3	
Subtotal	<u>51</u>	<u>51</u>	<u>-</u>	<u>36</u>	<u>36</u>	<u>-</u>
Special Ed. - Elementary	2	2		2	2	
Special Ed. - Middle School						
Special Ed. - High School						
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
County Vocational - Regular						
Totals	<u>53</u>	<u>53</u>	<u>-</u>	<u>38</u>	<u>38</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, 2023

<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	165,875	70,857	70,857	-	\$ 0.83	-
	Reduced	33,968	14,998	14,998	-	4.00	-
	Free	<u>82,978</u>	<u>35,717</u>	<u>35,717</u>	<u>-</u>	4.40	<u>-</u>
Total Net Overclaim		<u>282,821</u>	<u>121,572</u>	<u>121,572</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Regular Rate)	Paid	2,687	1,113	1,113	-	\$ 0.50	-
	Reduced	2,915	1,306	1,306	-	1.96	-
	Free	<u>7,061</u>	<u>3,255</u>	<u>3,255</u>	<u>-</u>	2.26	<u>-</u>
Total Net Overclaim		<u>12,663</u>	<u>5,674</u>	<u>5,674</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Severe Needs Rate)	Paid	9,411	4,818	4,818	-	\$ 0.50	-
	Reduced	3,764	1,891	1,891	-	2.37	-
	Free	<u>12,364</u>	<u>6,522</u>	<u>6,522</u>	<u>-</u>	2.67	<u>-</u>
Total Net Overclaim		<u>25,539</u>	<u>13,231</u>	<u>13,231</u>	<u>-</u>		<u>-</u>

\* = For HHFKA Lunches - \$.08

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, 2023

<u>Net Cash Resources:</u>		<u>Food Service</u> <u>G - 1/2</u>
<b>ACFR</b>	<b>Current Assets</b>	
G-1	Cash & Cash Equivalents	\$ 817,430
G-1	Accounts Receivables	89,755
	<b>Current Liabilities</b>	
G-1	Less Accounts Payable	<u>(333,681)</u>
	<b>Net Cash Resources</b>	<u>\$ 573,504 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	1,837,224
G-2	Less Depreciation	<u>(38,605)</u>
	Adjusted Total Operating Expenses	<u>1,798,619 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 179,862 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 539,586 (D)</u>
Total in (A)		\$ 573,504
Less Total in (D)		<u>(539,586)</u>
Net		<u>\$ 33,918</u>

**LAWRENCE TOWNSHIP SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

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.