

**SCHOOL DISTRICT
OF
LOWER ALLOWAYS CREEK
SCHOOL DISTRICT**

**Auditor's Management Report
For the Fiscal Year Ended June 30, 2023**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Lower Alloways Creek School District
County of Salem, New Jersey

We have audited, in accordance with audit standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Lower Alloways Creek School District in the County of Salem for the year ended June 30, 2023 and have issued our report thereon dated March 22, 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 management of the Lower Alloways Creek School District, and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

March 22, 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 the Treasurer of School Moneys, 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.

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district.

The school district project data certification was completed by the chief school administrator. The school district school project Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6:20-3.1(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, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal (or state) regulations regarding the compensation which is required to be reported.

Reserve for Encumbrances, Liability for 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. No discrepancies were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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 single audit testing procedures. In addition to randomly selecting a test sample, our sample selection 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 0.00% was 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*

Board Secretary's Records

The Board Secretary's Records were in satisfactory condition.

Bids received were summarized in the minutes.

Acknowledgement of the Board's receipt of the Board Secretary's and the Treasurer's monthly financial reports were included in the minutes.

Budget appropriations were not greater than realized revenues and Board authorized use of surplus.

No budgetary line accounts were over-expended during the fiscal year and at June 30.

Purchase orders were charged to the appropriate line accounts in accordance with State prescribed Uniform Minimum Chart of Accounts (2R2), for New Jersey Public Schools.

Treasurer's Records

The District does not maintain a Treasurer.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2022-23 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 include a review of transportation related contracts and purchases. Based on our review, the district complied the 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.

Elementary and Secondary Education Act of 1965 (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 the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. revealed 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 the Schedule A and Schedule B 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 Special Federal and/or State Projects revealed no areas of noncompliance and/or questioned costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and 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 2022-2023.

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 my examination indicated that no individual payments, contracts, or agreements were 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, amended.

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

School Food Service

The school food service program was not selected as a major federal and/or State program. However, the program expenditures did not exceed \$100,000 in federal and/or State support.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Finding 2023 - 1

The Reimbursement Vouchers for Subsidy Reimbursement were not submitted in a timely manner. As a result, the Department of Agriculture will not pay the September 2022 Subsidy Reimbursement in the amount of \$3,914.50.

Recommendation 2023 - 1

We Recommend that all Food Service Subsidy Reimbursement Vouchers be submitted timely and accurately.

Student Body Activities

During our review of the student activity funds, the records were found to be in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low income and bilingual. We also performed a review of the districts procedures related to its completion. The information on the ASSA 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.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency and recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and the awarding of contracts for eligible facilities construction. No exceptions were noted.

Follow-Up on Prior Year Findings

There were no prior audit findings and/or recommendations.

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.

Respectfully submitted,

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

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No. 2080

March 22, 2024

LOWER ALLOWAYS SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	2023-2024 Application for State School Aid						Sample for Verification										
	Reported on			Errors			Sample			Verified per			Errors per				
	A.S.S.A.			Workpapers			Workpapers			Registers			Registers				
	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared
Full Day Preschool- 3YR	9	-	9	-	-	-	-	-	-	6	-	6	-	-	-	-	-
Full Day Preschool- 4YR	15	-	15	-	-	-	-	-	-	9	-	9	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	22	-	22	-	-	-	-	-	-	14	-	14	-	-	-	-	-
One	11	-	11	-	-	-	-	-	-	7	-	7	-	-	-	-	-
Two	11	-	11	-	-	-	-	-	-	7	-	7	-	-	-	-	-
Three	10	-	10	-	-	-	-	-	-	6	-	6	-	-	-	-	-
Four	15	-	15	-	-	-	-	-	-	9	-	9	-	-	-	-	-
Five	8	-	8	-	-	-	-	-	-	5	-	5	-	-	-	-	-
Six	17	-	17	-	-	-	-	-	-	11	-	11	-	-	-	-	-
Seven	16	-	16	-	-	-	-	-	-	10	-	10	-	-	-	-	-
Eight	16	-	16	-	-	-	-	-	-	10	-	10	-	-	-	-	-
Subtotal	150	-	150	-	-	-	-	-	-	94	-	94	-	-	-	-	-
Special Ed - Elementary	19	-	19	-	-	-	-	-	-	12	-	12	-	-	-	-	-
Special Ed - Middle School	9	-	9	-	-	-	-	-	-	6	-	6	-	-	-	-	-
Subtotal	28	-	28	-	-	-	-	-	-	18	-	18	-	-	-	-	-
Totals	178	-	178	-	-	-	-	-	-	112	-	112	-	-	-	-	-
Percentage Error							0.00%									0.00%	0.00%

**LOWER ALLOWAYS SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on A.S.S.A as Low Income	Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on A.S.S.A as LEP Low Income	Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool- 3YR	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool- 4YR	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	5.0	5.0	-	5	5	-	-	-	-	-	-	-
One	6.0	6.0	-	6	6	-	-	-	-	-	-	-
Two	3.0	3.0	-	2	2	-	-	-	-	-	-	-
Three	4.0	4.0	-	3	3	-	-	-	-	-	-	-
Four	3.0	3.0	-	2	2	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-
Six	5.0	5.0	-	5	5	-	-	-	-	-	-	-
Seven	2.0	2.0	-	1	1	-	-	-	-	-	-	-
Eight	5.0	5.0	-	5	5	-	-	-	-	-	-	-
Subtotal	33.0	33.0	-	29	29	-	-	-	-	-	-	-
Special Ed - Elementary	6.0	6.0	-	6	6	-	-	-	-	-	-	-
Special Ed - Middle School	4.0	4.0	-	3	3	-	-	-	-	-	-	-
Subtotal	10.0	10.0	-	9	9	-	-	-	-	-	-	-
Totals	43.0	43.0	-	38.0	38.0	-	-	-	-	-	-	-
Percentage Error				0.00%			0.00%			0.00%		

Transportation						
Reported on DRTS by DOE/County	Reported on DRTS by District	Sample Tested	Verified to Register	Sample Tested	Errors	Errors
136	136	88	88	-	-	-
20	20	13	13	-	-	-
-	-	-	-	-	-	-
6	6	3	3	-	-	-
7	7	4	4	-	-	-
169	169	108	108	-	-	-
Percentage Error						
			0.00%			

(from dtrts)
Reported 7.6
Recalculated 7.6
7.6
17.9

Reg Avg. (Mileage) = Regular Including Grade PK Students (Part A)
Reg Avg. (Mileage) = Regular Excluding Grade PK Students (Part B)
Spec Avg. = Special Ed with Special Needs

Reg. - Public Schools, col. 1
Reg - Sp Ed, col. 4
Transported - Non-Public, col. 3
Transported - Non-Public, ALL
Special Ed Special Needs, col. 6

Percentage Error

**LOWER ALLOWAYS SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2022**

	Resident LEP NOT Low Income		Sample for Verification	
	Reported on A.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Score and Register
Full Day Preschool- 3YR	-	-	-	-
Full Day Preschool- 4YR	-	-	-	-
Half Day Kindergarten	-	-	-	-
Full Day Kindergarten	-	-	-	-
One	-	-	-	-
Two	-	-	-	-
Three	-	-	-	-
Four	-	-	-	-
Five	-	-	-	-
Six	-	-	-	-
Seven	-	-	-	-
Eight	-	-	-	-
Subtotal	-	-	-	-
Special Ed - Elementary	-	-	-	-
Special Ed - Middle School	-	-	-	-
Subtotal	-	-	-	-
Co. Voc. - Regular	-	-	-	-
Co. Voc. - FT Post Sec.	-	-	-	-
Totals	-	-	-	-
Percentage Error	0.00%		0.00%	

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$	4,909,218.88	(B)
Increased by:			
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 PreK-Regular	\$	_____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	_____	(B1d)
Decreased By:			
On-Behalf TPAF Pension & Social Security	\$	758,684.47	(B2a)
Assets Acquired Under Capital Leases		-	(B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>4,150,534.41</u>	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .04]	\$	<u>83,010.69</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000.00</u>	(B5)
Increased by: Allowable Adjustment*	\$	<u>963,348.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$ 1,213,348.00</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/23 (Per ACFR Budgetary Comparison Schedule C-1)	\$	<u>3,176,262.30</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>92,958.51</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	-	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>958,300.00</u>	(C3)
Other Restricted Fund Balances ****	\$	<u>500,418.18</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>23,748.00</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 1,600,837.61</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0 -	\$	<u>387,489.61</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2023:

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>958,300.00</u>	(C3)
Reserved Excess Surplus ***	\$	<u>387,489.61</u>	(E)
Total [(C3) + (E)]	\$	<u><u>1,345,789.61</u></u>	(D)

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023**

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ 43,127.00	(J1)
Additional Nonpublic School Transportation Aid	\$ 1,872.00	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Supplemental Stabilization Aid Received April 2023 & Maintenance of Equity Aid Received July 2023	125,967.00 \$ 792,382.00	(J5)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 \$ 963,348.00	 (K)

** This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2023 ACFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ _____	-
Sale/lease-back reserve	\$ _____	-
Capital reserve	\$ 231,054.00	
Maintenance reserve	\$ 49,531.35	
Emergency reserve	\$ _____	-
Tuition reserve	\$ 44,790.00	
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	\$ 175,042.83	
[Other Restricted Fund Balance not noted above] ****	\$ _____	
 Total Other Restricted Fund Balance	 \$ 500,418.18	 (C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2023
LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures

None.

2. Financial Planning, Accounting and Reporting

None.

3. School Purchasing Programs

None.

4. School Food Service

Recommendation 2023 - 1

We Recommend that all Food Service Subsidy Reimbursement Vouchers be submitted timely and accurately.

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

None.