

Auditor's Management Report

for the

*Township of South Brunswick
School District*

in the

*County of Middlesex
New Jersey*

for the

*Fiscal Year Ended
June 30, 2017*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	3
Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Elementary and Secondary Education Act of 1965 (E.S.E.A.)/Improving America's Schools (IASA) as Reauthorized by the No Child Left Behind Act of 2001	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5-6
School Food Service Funds	6-7
Student Body Activities	8
Application for State School Aid	8
Pupil Transportation	8
Facilities and Capital Assets	8
Testing for Lead of All Drinking Water in Educational Facilities	8
Follow-Up on Prior Year's Findings	8
Recommendations	9
Excess Surplus Calculation	10-11
Schedule of Audited Enrollments	12-14
Schedule of Meal County Activity	15-17
Net Cash Resource Schedule - Food Service	18



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of South Brunswick School District
County of Middlesex
Monmouth Junction, New Jersey 08852

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of South Brunswick School District in the County of Middlesex for the year ended June 30, 2017, and have issued our report dated November 30, 2017.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Township of South Brunswick School District, County of Middlesex, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

November 30, 2017

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCOPE OF AUDIT

The audit covered the financial transactions of the Assistant Superintendent for Business/ Board Secretary, the activities of the Township of South Brunswick School District Board of Education, 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 the Insurance Schedule (Exhibit J-20) contained in the District's Comprehensive Annual Financial Report (CAFR).

Official Bonds (N.J.S.A. 18A:17-26, 17-32)

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
Thaddeus Thompson	Board Secretary/School Business Administrator	\$510,000.00
All Employees	Blanket Bond	500,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Independent Auditor's Management Report of Administrative Findings- Financial and Compliance

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

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 Assistant Superintendent for Business/Board Secretary.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

The balances of funds on deposit in the Payroll Account are analyzed on a monthly basis.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

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 without exception.

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 single audit testing procedures. In addition to randomly selecting a test sample, our sample 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.

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition and an encumbrance system was fully implemented.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

**Elementary and Secondary Education Act (E.S.E.A.)/ Improving America's Schools Act
(IASA) as Reauthorized by the No Child Left Behind Act of 2001**

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, and Title III of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 States, "a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$29,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section".

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A.18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$18,800.00.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

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 provisions 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 system of records did not provide for an accumulation of purchases for which the School Board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

SCHOOL FOOD SERVICE

The financial transactions and statistical records of the School Food Services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were review for timely deposit without exception.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL FOOD SERVICE (CONTINUED)

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision that the food service program will generate a \$200,000.00 profit. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The Board is 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

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 claims were submitted in a timely manner. No exceptions were noted.

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 priced meal policy is uniformly administered throughout the school system. The required verification procedure for free and reduced price applications was completed and available for review. No exceptions were noted.

National Food Distribution Commodities were received and an inventory was maintained on a first-in, first-out basis. No exceptions were noted. The District maintains the detailed revenue and expenditure information necessary to execute the USDA mandated Non-Program Food Revenue tool at least annually.

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

Exhibits reflecting Child Nutrition Program operations are included in Section G of the CAFR.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

STUDENT BODY ACTIVITIES/ATHLETIC FUNDS

A cash receipts and disbursement record were maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2016 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 procedures related to its completion. The information on the A.S.S.A. was compared to the district work papers with minor exceptions. 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 had written procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2016-2017 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 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.

FACILITIES AND CAPITAL ASSETS

Not Applicable

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

The school district adhered to 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.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

Not applicable

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

RECOMMENDATIONS

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Program

None

School Food Services

None

Student Body Activities

None

Application for State School Aid

None

Pupil Transportation

None

Capital Assets and Facilities

Not Applicable

Testing for Lead of All Drinking Water In Educational Facilities

None

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2016 - 2017 Total General Fund Expenditures per CAFR Ex. C-1	\$ <u>141,704,223.00</u>	
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	<u>3,515,028.00</u>	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>14,945,333.00</u>	
Assets acquired under Capital Leases	<u>1,081,564.00</u>	
Adjusted 2016 - 2017 General Fund Expenditures		\$ <u>129,192,354.00</u>
2% of Adjusted 2016 - 2017 General Fund Expenditures		<u>2,583,847.00</u>
Greater of line above or \$250,000.00		<u>2,583,847.00</u>
Increased by: Allowable Adjustment		<u>360,178.00</u>
Maximum Unreserved/Undesignated Fund Balance		\$ <u><u>2,944,025.00</u></u>

SECTION 2

Total General Fund Balances @ 6-30-17	\$ <u>14,903,073.00</u>	
Decreased by:		
Year-end Encumbrances	<u>267,294.00</u>	
Legally Restricted - Excess Surplus-Designated for Subsequent Year's Expenditures	<u>3,745,868.00</u>	
Other Restricted Fund Balances	<u>4,234,011.00</u>	
Total Unassigned Fund Balance		\$ <u><u>6,655,900.00</u></u>

SECTION 3

Restricted Fund Balance-Excess Surplus \$ 3,711,875.00

Recapitulation of excess surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ 3,745,868.00

Reserved Excess Surplus 3,711,875.00

Total \$ 7,457,743.00

Detail of Allowable Adjustments

Extraordinary Aid \$ 302,062.00

Additional Non-Public School Transportation Aid 58,116.00

\$ 360,178.00

Detail of Other Restricted Fund Balance

Statutory restrictions:

Capital reserve \$ 2,934,011.00

Maintenance reserve 600,000.00

Emergency reserve 700,000.00

Total Other Restricted Fund Balance \$ 4,234,011.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2016

	2017-18 Application for State School Aid				Sample for Verification				Private School for Handicapped						
	Reported on A.S.S.A. as on Roll	Full	Shared	Reported on Workpapers on Roll	Errors	Full	Shared	Sample Selected from Workpapers	Full	Shared	Full	Shared	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Errors
Half Day Pre-K 3 yr	11			11				1							
Half Day Pre-K 4 yr	26			26			1								
Full Day Kindergarten	455			455			17								
One	507			508	-1		18								
Two	520			521	-1		20								
Three	538			539	-1		20								
Four	546			549	-3		22								
Five	649			650	-1		20								
Six	622			624	-2		21								
Seven	637			634	3		22								
Eight	660			660			20								
Nine	612			613	-1		25								
Ten	636			634	2		25								
Eleven	716			714	2		25								
Twelve	643			641	2		25								
Subtotal	7,778			7,779	-1		282								
SpEd Elementary	325			325			10						8	7	7
SpEd Middle School	224			230	-6		10						17	15	15
SpEd High School	313			319	-6		10						24.5	21	21
Subtotal	862			874	-12		30						49.5	43	43
Totals	8,640			8,653	-13		312						49.5	43	43
Percentage					-0.15%										

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2016

	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 Application and Register	Sample Errors
Full Day Pre-School												
Full Day Kindergarten	48	48		15	15		14	13	-1	11	11	
One	50	50		14	14		7	7		5	5	
Two	63	63		15	15		11	11		8	8	
Three	55	54	-1	19	19		2	2		2	2	
Four	73	71	-2	17	17							
Five	74	74		13	13		1	1		1	1	
Six	57	56	-1	17	17		3	2	-1	2	2	
Seven	80	79	-1	17	17		3	3		2	2	
Eight	68	68		16	16		5	5		4	4	
Nine	70	68	-2	16	16		1	1		4	4	
Ten	77	77		17	17		5	5		4	4	
Eleven	78	78		15	15		2	2		2	2	
Twelve	57	57		14	14		3	3		2	2	
Subtotal	850	843	-7	205	205		57	55	-2	43	43	
SpEd Elementary	98	94	-4	15	15		2	2				
SpEd Middle School	68	61	-7	14	14			1				
SpEd High School	82.5	73.5	-9	20	20		1	1				
Subtotal	248.5	229	-20	49	49		3	1	-2			
DYFS Res Center	1	1										
Res. Mental Health Center	2	2										
Juvenile Community Center	1	1										
Subtotal	4	4										
Totals	1,102.5	1,076	-27.0	254	254		60	56	-4	43	43	
Percentage Error			-2.45%						-6.67%			
Transportation												
	Reported on DTRTS by DOE	Reported on DTRTS by District	Errors	Tested	Verified	Errors						
Reg. Public Schools, col.1	4893	4893		285	285							
Nonpublic Transportation, col.2	80	80		5	5							
Non-Public AL, col.3	268	268		15	15							
Reg. - SpEd, Col.4	127	127		7	7							
Special Ed Spec, col.6	102	102		69	69							
Totals	5470	5470		381	381							
Percentage Error												

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016

	<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 Pre-School						
Full Day Pre-School						
Full Day Kindergarten	58	56	-2	35	35	0
One	31	30	-1	20	20	0
Two	13	13	0	10	10	0
Three	3	3	0	2	2	0
Four	1	1	0	1	1	0
Five	3	3	0	2	2	0
Six	8	8	0	4	4	0
Seven	8	7	-1	4	4	0
Eight	2	2	0	2	2	0
Nine	5	4	-1	4	4	0
Ten	7	4	-3	4	4	0
Eleven	5	1	-4	1	1	0
Twelve	1	1	0	1	1	0
Subtotal	<u>145</u>	<u>133</u>	<u>-12</u>	<u>90</u>	<u>90</u>	<u>0</u>
SpEd Elementary	2	0	-2	0	0	0
SpEd Middle School	0	0	0	0	0	0
SpEd High School	2	0	-2	0	0	0
Subtotal	<u>4</u>	<u>0</u>	<u>-4</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>149</u>	<u>133</u>	<u>-16</u>	<u>90</u>	<u>90</u>	<u>0</u>
Percentage Error			<u>-10.74%</u>			<u>0.00%</u>

SCHEDULE OF MEAL COUNT ACTIVITY
TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
FOOD SERVICE FUND

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM- FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Regular Rate)	Paid	510,246	510,246	510,246	0	0.30	0.00
	Reduced	29,367	29,367	29,367	0	2.76	0.00
	Free	112,701	112,701	112,701	0	3.16	0.00
	TOTAL	652,314	652,314	652,314	0	0.06	0
National School Lunch	HHFKA	652,314	652,314	652,314	0	0.06	0
School Breakfast (Regular Rate)	Paid	19,561	19,561	19,561	0	0.29	0.00
	Reduced	4,550	4,550	4,550	0	1.41	0.00
	Free	38,068	38,068	38,068	0	1.71	0.00
	TOTAL	62,179	62,179	62,179	0	1.71	0.00
School Breakfast (Severe Rate)	Paid	1,172	1,172	1,172	0	0.29	0.00
	Reduced	717	717	717	0	1.74	0.00
	Free	7,623	7,623	7,623	0	2.04	0.00
	TOTAL	9,512	9,512	9,512	0	2.04	0.00
Total Net Overclaim (Underclaim)							0.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	510,246	510,246	510,246	0	0.040	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	29,367	29,367	29,367	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	112,701	112,701	112,701	0	0.055	0.00
	TOTAL	<u>652,314</u>	<u>652,314</u>	<u>652,314</u>			
Total Net Overclaim (Underclaim)							<u><u>0.00</u></u>

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE - FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

A School Food Authority is required to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources. Net cash resources may not exceed three months average expenditures.

As Illustrated in the schedule below, the Districts Net Cash Resources (\$733,824.00) do not exceed three months average expenditures (\$980,814.00)

<u>Net Cash Resources:</u>		Food Service B - 4/5
CAFR	Current Assets*	
G-4	Cash & Cash Equivalents	\$871,727.00
G-4	Due from Other Gov'ts	58,019
G-4	Accounts Receivable	106,472.00
CAFR	Current Liabilities	
G-4	Less Accounts Payable	(211,234.00)
G-4	Less Unearned Revenue	(91,160.00)
		(302,394.00)
	Net Cash Resources	\$733,824.00 (A)
<u>Net Adj. Total Operating Expense:</u>		
G-5	Tot. Operating Exp.	\$3,294,927.00
G-5	Less Depreciation	(25,547.00)
		(25,547.00)
	Adj. Tot. Oper. Exp.	\$3,269,380.00 (B)
<u>Average Monthly Operating Expense:</u>		
	B / 10	\$326,938.00 (C)
<u>Three times monthly Average:</u>		
	3 X C	\$980,814.00 (D)

TOTAL IN BOX A	\$733,824.00	
LESS TOTAL IN BOX D	(\$980,814.00)	
NET	(\$246,990.00)	<<--- Excess
A is greater than D, cash exceeds 3 X average monthly operating expenses. D is greater than A, cash does not exceed 3 X average monthly operating expenses.		

* Inventories are not to be included in total current assets.

