

Auditor's Management Report

for the

*Borough of South Plainfield
School District*

in the

*County of Middlesex
New Jersey*

for the

*Fiscal Year Ended
June 30, 2020*

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

TABLE OF CONTENTS

| | Page |
|--|-------------|
| 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 Accounts | 2 |
| Position Control Roster | 3 |
| 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 Every Student Succeeds Act (ESSA) | 3 |
| Other Special Federal and/or State Projects | 4 |
| T.P.A.F. Reimbursement | 4 |
| School Purchasing Programs | |
| Contracts and Agreements Requiring Advertisement for Bids | 4-5 |
| School Food Service | 6 |
| Student Body Activities | 7 |
| Other Enterprise Funds | 7 |
| Application for State School Aid | 7 |
| Pupil Transportation | 7 |
| Capital Assets and Facilities | 7 |
| Testing for Lead of Drinking Water in Educational Facilities | 7 |
| Follow-Up on Prior Year's Findings | 7 |
| Recommendations | 8 |
| Schedule of Audited Enrollments | 9-11 |
| Schedule of Meal Counts | 12-13 |
| Schedule of Net Cash Resources | 14 |
| Excess Surplus Calculation | 15 |



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
South Plainfield Board of Education
South Plainfield, New Jersey 07506

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 Borough of South Plainfield School District in the County of Middlesex for the year ended June 30, 2020, and have issued our report dated January 5, 2021.

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 Borough of South Plainfield 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. 948

January 5, 2021

Independent Auditor's Management Report of Administrative Findings – Financial Compliance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the activities of the Borough of South Plainfield - 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 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> |
|--------------|--|------------------------|
| Alex Benanti | Business Administrator/Board Secretary | \$350,000.00 |
| Glenn Cullen | Treasurer of School Monies | \$350,000.00 |

There is a Public Employees' Blanket Position Bond with New Jersey Schools Insurance Group (NJSIG) covering all other employees with multiple coverage of \$500,000.

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.

Payroll Accounts

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the treasurer of school monies with a warrant made to his order for the full amount of each payroll.

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

Financial Planning, Accounting and Reporting (Continued)

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 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 reserve 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 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 records maintained by the Board Secretary were in agreement with the records maintained by the Treasurer.

Treasurer's Records

The records maintained by the Treasurer were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

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

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

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

Other Special Federal and/or 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 reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

The amount of the expenditure charged to the current year's Final Report(s) 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.

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 therefor, 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. (pending before the Legislature as section 15 of this bill) 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 for 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."

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 therefor, 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, 2019, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$29,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$40,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

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. Our examination did reveal however, that the district made purchases through the use of state contracts.

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

School Food Service

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of eligible students.

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, but meals claimed did not always agree with meal count records.

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 procedures for free and reduced-price applications were completed and available for review.

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.

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.

Cash receipts and bank records were reviewed for timely deposit.

National Food Distribution Commodities were received and an inventory was maintained on a first-in, first-out basis.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B.

Independent Auditor's Management Report of Administrative Findings – Financial Compliance

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

Other Enterprise Funds

A formal cash receipts and cash disbursements journal was maintained for the Preschool, Before and After Care, and Adult School Program's transactions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 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 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 had written procedures for the recording of student enrollment.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2019-2020 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.

Capital Assets and Facilities

Our procedures included a review of the SDA grant agreements for consistency with recording of SDA revenue, transfer of local funds from the general or capital reserve account, and awarding of contracts for eligible facilities construction.

Testing for Lead of Drinking Water in Educational Facilities

We were advised that 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.

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

Follow-Up on Prior Year's Audit Findings

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all of the prior year's findings.

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

Recommendations

1. **Administrative Practices and Procedures**
None
2. **Financial Planning, Accounting and Reporting**
None
3. **School Purchasing Program**
None
4. **School Food Service**
None
5. **Other Enterprise Funds**
None
6. **Student Body Activities**
None
7. **Application for State School Aid**
None
8. **Pupil Transportation**
None
9. **Capital Assets and Facilities**
None
10. **Miscellaneous**
None
11. **Status of Prior Year's Findings/Recommendations**
Not Applicable

SOUTH PLAINFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

SCHEDULE OF AUDITED ENROLLMENTS

| | 2020-2021 Application for State School Aid | | | | Sample for Verification | | | | Private Schools for Disabled | | | | | |
|----------------------------|--|--------|------------|--------|---------------------------------|--------|------------------------|--------|------------------------------|--------|---|--------|-------------------------|---------------|
| | Reported on A.S.S.A. On Roll | | Workpapers | | Sample Selected from Workpapers | | Verified per Registers | | Errors per Registers | | Reported on A.S.S.A. as Private Schools | | Sample for Verification | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Sample Verified | Sample Errors |
| Half Day Preschool 3 | 16 | - | - | - | 2 | - | 2 | - | - | - | - | - | - | - |
| Full Day Preschool 3 | 4 | - | - | - | 2 | - | 2 | - | - | - | - | - | - | - |
| Half Day Preschool 4 | 18 | - | - | - | 2 | - | 2 | - | - | - | - | - | - | - |
| Full Day Preschool 4 | 16 | - | - | - | 2 | - | 2 | - | - | - | - | - | - | - |
| Half Day Kindergarten | 233 | - | - | - | 0 | - | 0 | - | - | - | - | - | - | - |
| Full Day Kindergarten | 214 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| One | 234 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| Two | 218 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| Three | 192 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| Four | 180 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| Five | 206 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| Six | 222 | - | - | - | 19 | - | 19 | - | - | - | - | - | - | - |
| Seven | 211 | - | - | - | 20 | - | 20 | - | - | - | - | - | - | - |
| Eight | 218 | - | - | - | 20 | - | 20 | - | - | - | - | - | - | - |
| Nine | 220 | - | - | - | 20 | - | 20 | - | - | - | - | - | - | - |
| Ten | 242 | - | - | - | 20 | - | 20 | - | - | - | - | - | - | - |
| Eleven | 203 | - | - | - | 20 | - | 20 | - | - | - | - | - | - | - |
| Twelve | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Post-Graduate | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult H.S. (15+CR.) | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult H.S. (1-14 CR.) | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | 2,847 | 0 | 2,847 | 0 | 260 | 0 | 260 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Ed - Elementary | 208 | - | - | - | 15 | - | 15 | - | - | - | - | - | 1 | 1 |
| Special Ed - Middle School | 145 | 3 | 145 | 3 | 10 | - | 10 | - | - | - | - | - | 0 | 0 |
| Special Ed - High School | 152 | 2 | 152 | 2 | 10 | - | 10 | - | - | - | - | - | 17 | 17 |
| Subtotal | 505 | 5 | 505 | 5 | 35 | 0 | 35 | 0 | 0 | 0 | 0 | 0 | 18 | 18 |

| | | | | | | | | | | | | | | |
|------------------------|-------|---|-------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Co. Voc. - Regular | 3,352 | 5 | 3,352 | 5 | 295 | 0 | 295 | 0 | 0 | 0 | 0 | 0 | 18 | 18 |
| Co. Voc. Ft. Post Sec. | | | | | | | | | | | | | (b) | |
| Totals | 3,352 | 5 | 3,352 | 5 | 295 | 0 | 295 | 0 | 0 | 0 | 0 | 0 | 18 | 18 |
| Percentage Error | | | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| <u>PROGRAM</u> | <u>MEAL</u> <u>CATEGORY</u> | <u>MEALS</u> <u>CLAIMED</u> | <u>MEALS</u> <u>TESTED</u> | <u>MEALS</u> <u>VERIFIED</u> | <u>DIFFERENCE</u> | <u>RATE</u> | <u>(OVER)</u> <u>UNDER</u> <u>CLAIM</u> |
|--|--------------------------------|--------------------------------|-------------------------------|---------------------------------|-------------------|-------------|---|
| National School Lunch (Regular Rate) | Paid | 95,758 | 95,758 | 95,758 | - | \$0.32 | - |
| | Reduced | 12,646 | 12,646 | 12,646 | - | \$3.01 | - |
| | Free | 59,435 | 59,435 | 59,435 | - | \$3.41 | - |
| | TOTAL | 167,839 | 167,839 | 167,839 | | | - |
| National School Lunch | HHFKA - PB Lunch | 167,839 | 167,839 | 167,839 | - | \$0.07 | - |
| National School Breakfast (Regular Rate) | Paid | 5,814 | 5,814 | 5,814 | - | \$0.31 | - |
| | Reduced | 954 | 954 | 954 | - | \$1.54 | - |
| | Free | 4,167 | 4,167 | 4,167 | - | \$1.84 | - |
| | TOTAL | 10,935 | 10,935 | 10,935 | | | - |
| National School Breakfast (Severe Needs Rate) | Paid | 7,264 | 7,264 | 7,264 | - | \$0.31 | - |
| | Reduced | 2,000 | 2,000 | 2,000 | - | \$1.90 | - |
| | Free | 24,381 | 24,381 | 24,381 | - | \$2.20 | - |
| | TOTAL | 33,645 | 33,645 | 33,645 | | | - |
| Total Net Overclaim | | | | | | | - |

BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| <u>PROGRAM</u> | <u>MEAL</u> <u>CATEGORY</u> | <u>MEALS</u> <u>CLAIMED</u> | <u>MEALS</u> <u>TESTED</u> | <u>MEALS</u> <u>VERIFIED</u> | <u>DIFFERENCE</u> | <u>RATE</u> | <u>(OVER)</u> <u>UNDER</u> <u>CLAIM</u> |
|----------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------------------|-------------------|-------------|---|
| National School Lunch | Paid | 95,758 | 95,758 | 95,758 | - | \$0.050 | - |
| (Regular Rate) | Reduced | 12,646 | 12,646 | 12,646 | - | \$0.055 | - |
| | Free | 59,435 | 59,435 | 59,435 | - | \$0.055 | - |
| | TOTAL | <u>167,839</u> | <u>167,839</u> | <u>167,839</u> | | | |
| Total Net Overclaim | | | | | | | <u>-</u> |

**BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE - FOOD SERVICE
FY 2020**

| <u>Net Cash Resources:</u> | | Food Service B - 4/5 |
|----------------------------|----------------------------|-------------------------------------|
| CAFR | Current Assets | |
| B-4 | Cash & Cash Equiv. | 128,752.80 |
| B-4 | Due from Other Gov'ts | 38,638.82 |
| CAFR | Current Liabilities | |
| B-4 | Less Accounts Payable | (33,418.70) |
| B-4 | Less Unearned Revenue | <u>(30,131.25)</u> |
| | Net Cash Resources | <u><u>103,841.67</u></u> (A) |

Net Adj. Total Operating Expense:

| | | |
|-----|---------------------------|-------------------------------------|
| B-5 | Total Operating Exp. | 973,119.78 |
| B-5 | Less Depreciation | <u>17,219.00</u> |
| | Adj. Total Operating Exp. | <u><u>955,900.78</u></u> (B) |

Average Monthly Operating Expense:

| | |
|--------|------------------------------------|
| B / 10 | <u><u>95,590.08</u></u> (C) |
|--------|------------------------------------|

Three times monthly Average:

| | |
|-------|-------------------------------------|
| 3 X C | <u><u>286,770.23</u></u> (D) |
|-------|-------------------------------------|

| | |
|---------------------|-----------------------------------|
| TOTAL IN BOX A | <u>103,841.67</u> |
| LESS TOTAL IN BOX D | <u>(286,770.23)</u> |
| NET | <u><u>(182,928.56)</u></u> |

**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.**

BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section 1- 2% Calculation of Excess Surplus

| | | |
|--|----|-------------------------|
| 2019-20 General Fund Expenditures per the CAFR (Exhibit C-1) | | \$ 69,524,599.36 |
| Decreased by: | | |
| On-Behalf TPAF Pension and Social Security | \$ | <u>9,841,363.52</u> |
| Adjusted 2019-20 General Fund Expenditures | | \$ <u>59,683,235.84</u> |
| 2% of Adjusted 2019-20 General Fund Expenditures | | \$ <u>1,193,664.72</u> |
| Greater of 2% or \$250,000 | \$ | 1,193,664.72 |
| Increased by: Allowable Adjustment | | <u>410,685.00</u> |
| Maximum Unassigned/Undesignated - Unreserved Fund Balance | | \$ <u>1,604,349.72</u> |

Section 2

| | | |
|---|----|------------------------|
| Total General Fund Balances at June 30, 2020 (Exhibit C-1) | | \$ 12,337,364.08 |
| Decreased by: | | |
| Year End Encumbrances | \$ | 421,016.13 |
| Assigned - Designated for Subsequent Year's Expenditures | | 2,300,000.00 |
| Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures | | |
| Other Restricted Fund Balances | | <u>8,012,628.23</u> |
| | | 10,733,644.36 |
| Total Unassigned Fund Balance | | \$ <u>1,603,719.72</u> |

Section 3

| | | |
|--|--|--------------------------------|
| Restricted Fund Balance - Excess Surplus | | \$ <u> </u> |
|--|--|--------------------------------|

Recapitulation of Excess Surplus at June 30, 2020

| | | |
|---|--|--------------------------------|
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures | | \$ |
| Reserved Excess Surplus - Current Year | | <u> </u> |
| Total | | \$ <u> </u> |

Detail of Allowable Adjustments

| | | |
|--------------------------------|--|----------------------|
| Extraordinary Aid (Unbudgeted) | | \$ 410,685.00 |
| | | \$ <u>410,685.00</u> |

Detail of Other Restricted Fund Balance

| | | |
|---------------------|--|------------------------|
| Capital Reserve | | \$ 5,256,106.17 |
| Maintenance Reserve | | 2,756,198.93 |
| Emergency Reserve | | 323.13 |
| | | \$ <u>8,012,628.23</u> |

