

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, 2021*

**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
Tuition Charges	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 (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service Funds	6
Public Health Emergency	6-7
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	7
Testing for Lead of All Drinking Water in Educational Facilities	8
Follow-Up on Prior Year's Findings	8
Recommendations	9
Schedule of Audited Enrollments	10-12
Excess Surplus Calculation	13-14
Schedule of Meal County Activity	N/A
Net Cash Resource Schedule - Food Service	N/A



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 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, 2021, and have issued our report dated February 7, 2022.

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

February 7, 2022

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Business Administrator/ Board Secretary and the Chief School Administrator, 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 in the District's ACFR (See Exhibit "J-20").

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

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
David Pawlowski	Board Secretary/School Business Administrator	\$525,000.00
All Employees	Blanket Bond	500,000.00

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

Tuition Charges

A comparison of tentative charges and actual certified tuition charges was made. The actual costs differed from the estimated costs. The Board made a proper adjustment to the billings to sending Districts for the difference 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

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 Board Secretary/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 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.) 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 Titles I and VI 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 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.

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.

TPAF 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.

**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-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, 2020, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$32,000.00. 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 \$44,000.00. 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 and Compliance**

SCHOOL FOOD SERVICE

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. The district chose to operate under the SSO.

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 contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,0000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority had any Child Nutrition reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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.

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

SCHOOL FOOD SERVICE (CONTINUED)

Public Health Emergency (Continued)

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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

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, 2020 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 without 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 2020-2021 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.

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

TESTING FOR LEAD OF ALL 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 Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

Not applicable

**Independent Auditor's Management Report of Administrative
Findings Financial and 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. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Findings/Recommendations
N/A

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2020

	2020-2021 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 Full	Shared	Errors Full	Shared	Sample Selected from Workpapers Full	Shared	Verified per Registers on Roll Full	Shared	Errors per Registers on Roll Full	Reported as Private Schools	Sample for Verification	Sample Errors
Half Day Pre-K 3 yr	26		26				8		8					
Half Day Pre-K 4 yr	58		58				12		12					
Full Day Kindergarten	417		417				16		16					
One	442		442				16		16					
Two	459		459				18		18					
Three	521		521				21		21					
Four	507		507				20		20					
Five	584		584				25		25					
Six	565		565				21		21					
Seven	581		581				22		22					
Eight	579		579				22		22					
Nine	678		678				26		26					
Ten	666		666				25		25					
Eleven	666		666				25		25					
Twelve	687		687				27		27					
Subtotal	7,436		7,436				304		304					
SpEd Elementary	310		310				9		9			9	9	9
SpEd Middle School	190		190				8		8			7	6	6
SpEd High School	280	2	280	2			11		11			20.5	16	16
Subtotal	780	2	780	2			28		28			36.5	31	31
Totals	8,216	2	8,216	2			332		332			36.5	31	31
Percentage					0%							0%		0%

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2020

	Resident Low Income			Sample for Verification			Resident ELL/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 ELL 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	48	48		11	11		7	7		5	5	
Full Day Kindergarten	60	60		14	14		20	20		17	17	
One	62	62		15	15		13	13		10	10	
Two	53	53		12	12		11	11		8	8	
Three	54	54		13	13		8	8		7	7	
Four	57	57		14	14		3	3		2	2	
Five	65	65		15	15		3	3		2	2	
Six	62	62		15	15		2	2		1	1	
Seven	69	69		17	17		4	4		3	3	
Eight	78	78		19	19		3	3		2	2	
Nine	72	72		17	17		2	2		1	1	
Ten	84	84		20	20		2	2		1	1	
Eleven	69	69		16	16		3	3		2	2	
Twelve	833	833		198	198		81	81		61	61	
Subtotal												
SpEd Elementary	84	84		20	20		8	8		7	7	
SpEd Middle School	72	72		17	17		2	2		1	1	
SpEd High School	83	83		19	19							
Subtotal	239.0	239		56	56		10	10		8	8	
Totals	1,072.0	1,072		254	254		91	91		69	69	
Percentage Error			0%			0%			0%			0%
Transportation												
	Reported on DRTS by DOE	Reported on DRTS by District	Errors	Tested	Verified	Errors						
Reg Public Schools, col. 1	4774	4774		281	281							
Nonpublic Transportation, col. 2	49	49		3	3							
Non-Public All, col. 3	165	165		10	10							
Reg. - SpEd, Col. 4	108	108		6	6							
Special Ed Spec, col. 6	200	200		12	12							
Totals	5296	5296		312	312							
Percentage Error			0%			0%						

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Resident ELL/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	36	36	0	22	22	0
One	44	44	0	28	28	0
Two	25	25	0	19	19	0
Three	27	27	0	18	18	0
Four	18	18	0	12	12	0
Five	11	11	0	7	7	0
Six	7	7	0	5	5	0
Seven	3	3	0	2	2	0
Eight	5	5	0	2	2	0
Nine	1	1	0			0
Ten	4	4	0			0
Eleven	1	1	0			0
Twelve	1	1	0			0
Subtotal	<u>183</u>	<u>183</u>	<u>0</u>	<u>115</u>	<u>115</u>	<u>0</u>
SpEd Elementary	6	6	0	2	2	0
SpEd Middle School			0			0
SpEd High School			0			0
Subtotal	<u>6</u>	<u>6</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Totals	<u>189</u>	<u>189</u>	<u>0</u>	<u>117</u>	<u>117</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

SECTION 3

Restricted Fund Balance-Excess Surplus \$ 1,671,015.00

Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ 4,026,031.00

Reserved Excess Surplus 1,671,015.00

Total \$ 5,697,046.00

Detail of Allowable Adjustments

Extraordinary Aid \$ 1,487,114.00

Additional Non-Public School Transportation Aid 50,353.00

\$ 1,537,467.00

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Capital Reserve \$ 5,698,477.00

Maintenance Reserve 9,918,054.00

Emergency Reserve 700,000.00

Reserve for Unemployment 383,554.00

Total Other Restricted Fund Balance \$ 16,700,085.00

