

*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, 2022*



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

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

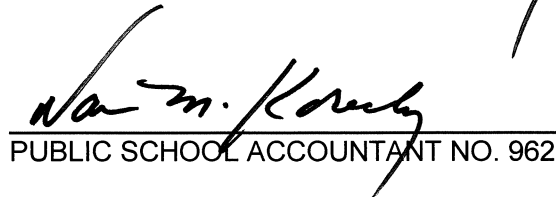
Honorable President and Members  
of the Board of Education  
Township of South Brunswick School District  
County of Middlesex  
Monmouth Junction, New Jersey 08852

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, 2022 and have issued our report dated January 31, 2023.

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

January 31, 2023

**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.

**P.L.2020,c.44**

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 fiscal year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district. The school district data certification was completed by the chief school administrator and was submitted timely.

**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.

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

**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 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.

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

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)**

**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.

**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 \$20,200.00.

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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

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. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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.

Net cash resources did exceed three months average expenditures.

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, 2021 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.

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

**PUPIL TRANSPORTATION**

Our audit procedures included a test of on roll status reported in the 2021-2022 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.

**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, 2021

	2021-2022 Application for State School Aid				Sample for Verification				Private School for Handicapped					
	Reported on A.S.S.A. as on Roll		Reported on Workpapers on Roll		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Pre-K 3 yr	39		39											
Half Day Pre-K 4 yr	44		44											
Full Day Pre-K 4 yr	1		1											
Full Day Kindergarten	440		440		16		16							
One	442		442		16		16							
Two	447		447		18		18							
Three	455		455		21		21							
Four	521		521		20		20							
Five	535		535		25		25							
Six	567		567		21		21							
Seven	571		571		22		22							
Eight	584		584		22		22							
Nine	586		586		26		26							
Ten	671		671		25		25							
Eleven	662		662		25		25							
Twelve	672		672		27		27							
Subtotal	7,237		7,237		284		284							
SpEd Elementary	316		316		9		9				2		1	1
SpEd Middle School	191		191		8		8				8		7	7
SpEd High School	278	1	278	1	11		11				15		14	14
Subtotal	785	1	785	1	28		28				25		22	22
Totals	8,022	1	8,022	1	312		312				250		22	22
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, 2021

	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 ELL Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	35	35		10	10		10	10		7	7	
One	66	66		12	12		15	15		12	12	
Two	60	60		13	13		15	15		10	10	
Three	45	45		10	10		9	9		8	8	
Four	47	47		11	11		4	4		3	3	
Five	50	50		12	12		5	5		4	4	
Six	56	56		13	13		4	4		3	3	
Seven	61	61		13	13		4	4		3	3	
Eight	51	51		15	15		1	1		1	1	
Nine	62	62		18	18		2	2		1	1	
Ten	64	64		15	15		1	1		1	1	
Eleven	55	55		18	18		2	2		1	1	
Twelve	71	71		16	16		2	2		1	1	
Subtotal	723	723		176	176		74	74		55	55	
SpEd Elementary	75	75		20	20		8	8		7	7	
SpEd Middle School	52	52		17	17		4	4		3	3	
SpEd High School	80	80		19	19							
Subtotal	206.5	207		56	56		12	12		10	10	
Totals	929.5	930		232	232		86	86		65	65	
Percentage Error			0%									0%

	Transportation		
	Reported on DRTS by DOE	Reported on DRTS by District	Errors
Reg Public Schools, col.1	4600	4600	
Nonpublic Transportation, col.2	46	46	
Non-Public All, col.3	174	174	
Reg. - SpEd, Col.4	42.5	42.5	
Special Ed Spec, col.6	286.5	286.5	
Totals	5149	5149	
Percentage Error			0%

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021

	<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	52	52		21	21	
One	33	33		27	27	
Two	31	31		18	18	
Three	14	14		12	12	
Four	16	16		12	12	
Five	6	6		5	5	
Six	7	7		5	5	
Seven	6	6		5	5	
Eight	6	6		3	3	
Nine	3	3		2	2	
Ten	2	2		1	1	
Eleven	4	4		3	3	
Twelve	2	2		1	1	
Subtotal	<u>182</u>	<u>182</u>		<u>115</u>	<u>115</u>	
SpEd Elementary	6	6		2	2	
SpEd Middle School	3	3		1	1	
SpEd High School	1	1		1	1	
Subtotal	<u>10</u>	<u>10</u>		<u>4</u>	<u>4</u>	
Totals	<u>192</u>	<u>192</u>		<u>119</u>	<u>119</u>	
Percentage Error						



TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2021 - 2022 Total General Fund Expenditures per ACFR Ex. C-1	\$ <u>180,161,375.00</u>	
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	<u>2,824,825.00</u>	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>33,821,913.00</u>	
Assets Acquired Under Installment Purchase Contracts	<u>1,738,241.00</u>	
Adjusted 2021 - 2022 General Fund Expenditures		\$ <u>147,426,046.00</u>
4% of Adjusted 2021 - 2022 General Fund Expenditures		<u>5,897,042.00</u>
Greater of Line Above or \$250,000.00		<u>5,897,042.00</u>
Increased by: Allowable Adjustment		<u>1,451,166.00</u>
Maximum Unreserved/Undesignated Fund Balance		\$ <u><u>7,348,208.00</u></u>

SECTION 2

Total General Fund Balances at June 30, 2022	\$ <u>29,382,496.00</u>	
Decreased by:		
Year-End Encumbrances	<u>6,776,712.00</u>	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>                        </u>	
Legally Restricted - Excess Surplus-Designated for Subsequent Year's Expenditures	<u>1,671,015.00</u>	
Other Restricted Fund Balances	<u>8,090,350.00</u>	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>3,031,980.00</u>	
Total Unassigned Fund Balance		\$ <u>9,812,439.00</u>

SECTION 3

Restricted Fund Balance-Excess Surplus \$ 2,464,231.00

Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,671,015.00

Reserved Excess Surplus 2,464,231.00

Total \$ 4,135,246.00

Detail of Allowable Adjustments

Extraordinary Aid \$ 1,398,449.00

Additional Non-Public School Transportation Aid 52,717.00

\$ 1,451,166.00

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Capital Reserve \$ 2,874,106.00

Maintenance Reserve 3,991,971.00

Emergency Reserve 700,000.00

Reserve for Unemployment 524,273.00

Total Other Restricted Fund Balance \$ 8,090,350.00

