

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, 2023*

**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
Chapter 44	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Accounts	3
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)	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	4-5
School Food Service	5-7
Student Body Activities	7
Other Enterprise Funds	7
Application for State School Aid	7
Pupil Transportation	8
Capital Assets and Facilities	8
Testing for Lead of 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
Schedules of Meal Counts	14-15
Schedule of Net Cash Resources	16



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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023, and have issued our report dated December 14, 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 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

December 14, 2023

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 Annual Comprehensive Financial Report (ACFR).

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. 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

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 Compliance**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

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.

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.

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

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Title I, Title IIA, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

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 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 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-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."

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

Finding 2023-001: Our examination of purchases over the bid threshold disclosed two instances where vendors were paid in excess of amounts awarded by resolution of the governing body.

Recommendation 2023-001: That vendors not be paid in excess of amounts awarded by resolution of the governing body.

School Food Service

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 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.

**Independent Auditor's Management Report of Administrative
Findings – Financial 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 cost reimbursable fixed price or non-competitive emergency procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

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 cost reimbursable fixed price or non-competitive emergency procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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, and meals claimed agreed 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.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

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 appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

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

School Food Service (Continued)

Net cash resources did not exceed three-months average expenditures.

Cash receipts and bank records were reviewed for timely deposit.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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.

We also 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.

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

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

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 14, 2022 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 with a minor 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.

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the fiscal year 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with minor exceptions. 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. There were no 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**

2023-001 Recommendation: That vendors not be paid in excess of amounts awarded by resolution of the governing body.

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

**BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENTS AS OF 10/14/2022**

	2023-2024 Application for State School Aid						Sample for Verification						Private Schools for Disabled						
	Reported on			Workpapers			Sample			Verified per			Errors per		Reported on		Sample		
	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	Full	Shared	On Roll	Full	
Half Day Preschool 3	7		7			2													
Full Day Preschool 3	21		21																
Half Day Preschool 4	12		12			2													
Full Day Preschool 4	13		13			2													
Half Day Kindergarten			0			0													
Full Day Kindergarten	234		234			19													
One	239		239			19													
Two	238		238			20													
Three	237		237			20													
Four	219		219			20													
Five	230		230			20													
Six	218		218			20													
Seven	183		183			20													
Eight	201		201			20													
Nine	226		226			20													
Ten	224		224			20													
Eleven	225		225			20													
Twelve	238		238			20													
Post-Graduate																			
Adult H.S. (15+CR.)																			
Adult H.S. (1-14 CR.)																			
Subtotal	2,965	0	2,965	0	0	264	0	264	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary	244		244			15		15										3	3
Special Ed - Middle School	123		123			10		10										3	3
Special Ed - High School	182		182			10		10										10	10
Subtotal	549		549			35		35		0	0	0	0	0	0	0	0	16	16
Co. Voc. - Regular																			
Co. Voc. Ft. Post Sec.																			
Totals	3,514		3,514			299	0	299	0	0	0	0	0	0	0	0	0	16	16
Percentage Error						0.00%		0.00%							0.00%				0.00%

BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENTS AS OF 10/14/2022

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	6	6	-	5	5	-
One	13	13	-	11	11	-
Two	5	5	-	4	4	-
Three	4	4	-	3	3	-
Four	0	0	-	0	0	-
Five	3	3	-	2	2	-
Six	2	2	-	1	1	-
Seven	1	1	-	1	1	-
Eight	3	3	-	2	2	-
Nine	2	2	-	2	2	-
Ten	4	4	-	4	4	-
Eleven	4	4	-	4	4	-
Twelve	5	5	-	4	4	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	52	52	0	43	43	0
Special Ed - Elementary	4	4	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	4	4	0	0	0	0
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	56	56	0	43	43	0
Percentage Error			7.14%			0.00%

BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section 1- 2% Calculation of Excess Surplus

2022-2023 Total General Fund Expenditures per the ACFR, Ex. C-1		\$ 85,272,218.78
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ 15,240,926.46	
Assets Acquired Under Installment purchase contracts	<u>590,105.00</u>	
		\$ <u>15,831,031.46</u>
Adjusted 2022-2023 General Fund Expenditures		\$ <u>69,441,187.32</u>
2% of Adjusted 2022-2023 General Fund Expenditures		\$ <u>1,388,823.75</u>
Greater of 2% or \$250,000	\$ 1,388,823.75	
Increased by: Allowable Adjustment	<u>627,776.00</u>	
Maximum Unassigned/Undesignated - Unreserved Fund Balance		\$ <u>2,016,599.75</u>

Section 2

Total General Fund - Fund Balances @ 6-30-2023		\$ 8,488,910.36
Decreased by:		
Year End Encumbrances	\$ 2,575,065.05	
Assigned - Designated for Subsequent Year's Expenditures	2,000,000.00	
Assigned FFCRA/SEMI- Designated for Subsequent Year's Expenditures	6,549.95	
Other Restricted Fund Balances	<u>2,518,471.61</u>	
		<u>7,100,086.61</u>
Total Unassigned Fund Balance		\$ <u>1,388,823.75</u>

Section 3

Restricted Fund Balance - Excess Surplus		\$ <u> </u>
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Recapitulation of Excess Surplus as of June 30, 2023

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

Detail of Allowable Adjustments

Extraordinary Aid (Unbudgeted)		\$ 584,304.00
Additional Nonpublic School Transportation Aid		<u>43,472.00</u>
		\$ <u>627,776.00</u>

Detail of Other Restricted Fund Balance

Capital Reserve		\$ 794,138.08
Maintenance Reserve		1,000,176.93
Unemployment Fund		<u>724,156.60</u>
		\$ <u>2,518,471.61</u>

SOUTH PLAINFIELD SCHOOL DISTRICT
 FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Regular Rate)	Paid	134,487	134,487	134,487	0	0.77	0.00
	Reduced	27,318	27,318	27,318	0	3.93	0.00
	Free	75,190	75,190	75,190	0	4.3300	0.00
	SSO	6,093	6,093	6,093	0	4.5625	0.00
	TOTAL	243,088	243,088	243,088			0.00
National School Lunch HHFKA		236,995	236,995	236,995	0	0.08	0.00
School Breakfast (Regular Rate)	Paid	26,013	26,013	26,013	0	0.50	0.00
	Reduced	8,083	8,083	8,083	0	1.96	0.00
	Free	22,491	22,491	22,491	0	2.26	0.00
	SSO	6,093	6,093	6,093	0	2.605	0.00
	TOTAL	62,680	62,680	62,680			0.00
School Breakfast (Severe Rate)	Paid	4,307	4,307	4,307	0	0.50	0.00
	Reduced	1,393	1,393	1,393	0	2.37	0.00
	Free	6,184	6,184	6,184	0	2.6700	0.00
	TOTAL	11,884	11,884	11,884			0.00
Total Net Overclaim (Underclaim)							0.00

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, 2023

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
National School Lunch (Regular Rate)	Paid	134,487	134,487	134,487	-	\$0.060	-
	Reduced	27,318	27,318	27,318	-	\$0.070	-
	Reduced-Additional	27,318	27,318	27,318	-	\$0.400	-
	Free	75,190	75,190	75,190	-	\$0.070	-
	SSO	6,093	6,093	6,093	-	\$0.070	-
School Breakfast (Regular Rate)	Reduced	8,083	8,083	8,083	-	\$0.300	-
School Breakfast (Severe Rate)	Reduced	1,393	1,393	1,393	-	\$0.300	-
	TOTAL	<u>279,882</u>	<u>279,882</u>	<u>279,882</u>			

**BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE - FOOD SERVICE
FY 2023**

<u>Net Cash Resources:</u>		Food Service B - 4/5
CAFR	Current Assets	
B-4	Cash & Cash Equiv.	305,126.18
B-4	Due from Other Gov'ts	50,353.92
B-4	Accounts Receivable	53,509.99
B-4	Investments	
CAFR	Current Liabilities	
B-4	Less Accounts Payable	(34,025.90)
B-4	Less Accruals	
B-4	Less Due to Other Funds	0.00
B-4	Less Unearned Revenue	<u>(43,622.43)</u>
	Net Cash Resources	<u>331,341.76</u> (A)

Net Adj. Total Operating Expense:

B-5	Total Operating Exp.	1,781,277.05
B-5	Less Depreciation	<u>87,087.00</u>
	Adj. Total Operating Exp.	<u>1,694,190.05</u> (B)

Average Monthly Operating Expense:

B / 10 **169,419.01 (C)**

Three times monthly Average:

3 X C **508,257.02 (D)**

TOTAL IN BOX A		331,341.76
LESS TOTAL IN BOX D		<u>(508,257.02)</u>
NET		<u>(176,915.26)</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.**

