

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, 2024*

**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	4-6
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	8
Follow-Up on Prior Year's Findings	8
Schedule of Audited Enrollments	9-11
Excess Surplus Calculation	12
Recommendations	13



SUPLEE, CLOONEY & COMPANY LLC

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, 2024, and have issued our report dated January 9, 2024.

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 9, 2024

**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-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 \$32,000.00, 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 \$44,000.00. 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.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

N.J.S.A.18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding 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 \$22,400.00.

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.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

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.

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program 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 or indirect costs. There were no exceptions noted.

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

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.

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 13, 2023 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 with minor exceptions. 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.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the fiscal year 2023-2024 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without 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.

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

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 prior year findings.

SOUTH PLAINFIELD SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

	2023 - 2024 Application for State School Aid (10/13/2023 Data)						Sample for Verification						Private School for Disabled			
	Reported as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools		Sample Verified	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared			Sample Verified	Sample Errors
Full D Pre K- 3 yr	56		56				5		5							
Full D Pre K- 4 yr	57		57				5		5							
Full Day Kindergarten	258		258				20		20							
One	229		229				19		19							
Two	235		235				19		19							
Three	241		241				20		20							
Four	234		234				19		19							
Five	220		220				18		18							
Six	228		228				19		19							
Seven	223		223				18		18							
Eight	187		187				15		15							
Nine	216		216				18		18							
Ten	228		228				19		19							
Eleven	229		229				19		19							
Twelve	235		235				19		19							
Subtotal	3,076		3,076				252		252							
Sp. Ed. - Elementary	259		259				21		21				3		3	
Sp. Ed. - Middle School	136		136				11		11				3		3	
Sp. Ed. - High School	182	1	183	1	(1)		15		15				12		9	
Subtotal	577	1	578	1	(1)		47		47				18		15	
Totals	3,653	1	3,654	1	(1)		299		299				18		15	
Percentage Error					(1)	0%						0%				0%

SOUTH PLAINFIELD SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident Low Income			Sample for Verification			Resident ELL 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 Test Score and Register	Sample Errors
Full Day Kindergarten												
One	55	55		13	13	-	9	9		6	6	-
Two	58	58		14	14	-	13	13		9	9	-
Three	76	76		18	18	-	18	18		11	11	-
Four	70	70		17	17	-	7	7		5	5	-
Five	59	59		14	14	-	5	5		3	3	-
Six	60	60		14	14	-	7	7		5	5	-
Seven	66	66		16	16	-	1	1		1	1	-
Eight	69	69		16	16	-	7	6	1	4	4	-
Nine	60	60		14	14	-	6	6		4	4	-
Ten	76	76		18	18	-	10	10		7	7	-
Eleven	71	71		17	17	-	5	5		3	3	-
Twelve	64	64		15	15	-	7	7		5	5	-
Subtotal	57	57		14	14	-	3	3		2	2	-
	841	841		200	200		98	97	1	65	65	
Special Ed - Elementary	104	103	1	25	25		1	4	(3)	1	1	
Special Ed - Middle	55	55		13	13			1	(1)			
Special Ed - High	65	64	1	15	15							
Subtotal	224	222	2	53	53		1	5	(4)	1	1	
Totals	1,065	1,063	2	253	253		99	102	(3)	66	66	
Percentage Error			0.19%						-3.03%			

	Transportation		
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors
Regular - Public School	426	426	
Transportation - Non-Public	22	22	
Aid in Lieu Non-Public	150	150	
Regular Special Education	4	4	
Special Educ. Special Needs	163	163	
Totals	765	765	
Percentage Error			0%

SOUTH PLAINFIELD SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident ELL NOT Low Income			Sample for Verification		
	Reported on A.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
Full Day Kindergarten						
One	13	13		9	9	
Two	7	7		5	5	
Three	12	12		9	9	
Four	7	7		5	5	
Five	5	4	1	3	3	
Six	1	1		1	1	
Seven	4	5	(1)	4	4	
Eight	6	7	(1)	5	5	
Nine	6	6		5	5	
Ten	2	2		2	2	
Eleven	2	2		2	2	
Twelve	5	5		4	4	
Subtotal	70	71	(1)	54	54	
Special Ed - Elementary						
Subtotal		1	(1)	1	1	
		1	(1)	1	1	
Totals	70	72	(2)	55	55	
Percentage Error			-2.86%			0%

BOROUGH OF SOUTH PLAINFIELD SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section 1- 2% Calculation of Excess Surplus

2023-2024 Total General Fund Expenditures per the ACFR, Ex. C-1		\$	93,022,266.65
Increased by:			
Transfer from General Fund to SRF for PreK	\$	<u>296,120.00</u>	
			93,318,386.65
Decreased by:			
On-Behalf TPAF Pension and Social Security	\$	16,541,559.56	
Assets Acquired Under Right to Use Leased Assets		<u>1,052,617.00</u>	
			\$ <u>17,594,176.56</u>
Adjusted 2023-2024 General Fund Expenditures		\$	<u>75,724,210.09</u>
2% of Adjusted 2023-2024 General Fund Expenditures		\$	<u>1,514,484.20</u>
Greater of 2% or \$250,000	\$	1,514,484.20	
Increased by: Allowable Adjustment		<u>789,108.00</u>	
Maximum Unassigned/Undesignated - Unreserved Fund Balance			\$ <u>2,303,592.20</u>

Section 2

Total General Fund - Fund Balances @ 6-30-2024		\$	5,440,761.09
Decreased by:			
Year End Encumbrances	\$	37,149.32	
Assigned - Designated for Subsequent Year's Expenditures		2,000,000.00	
Other Restricted Fund Balances		<u>1,990,650.61</u>	
			4,027,799.93
Total Unassigned Fund Balance		\$	<u>1,412,961.16</u>

Section 3

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

Recapitulation of Excess Surplus as of June 30, 2024

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

Detail of Allowable Adjustments

Extraordinary Aid (Unbudgeted)		\$	720,858.00
Additional Nonpublic School Transportation Aid			68,250.00
		\$	<u>789,108.00</u>

Detail of Other Restricted Fund Balance

Capital Reserve		\$	802,924.93
Maintenance Reserve			447,272.93
Unemployment Fund			740,452.75
		\$	<u>1,990,650.61</u>

**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**

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**

A review of all prior year's findings/recommendations was performed and corrective action was taken on all.

