BERNARDS TOWNSHIP SCHOOL DISTRICT
COUNTY OF SOMERSET

AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS- FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2025

BERNARDS TOWNSHIP SCHOOL DISTRICT

Auditors' Management Report on Administrative Findings-
Financial, Compliance and Performance

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Independent Auditors' Report

Honorable President and Members
of the Board of Education
Bernards Township School District
County of Somerset, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards,* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Bernards Township School District in the County of Somerset for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Bernards Township Board of Education's management and Board members and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 19, 2025

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

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BERNARDS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education and 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 on J-20, Insurance Schedule contained in the District's ACFR.

Official Bonds *(N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)*

Name	Position	Amount
James Rollo	School Business Administrator/Board Secretary	$369,000
Michael Petrizzo	Treasurer of School Moneys	$470,000

There is a Public Employees' Faithful Performance Bond with the General Security Property and Casualty Company covering all other employees with coverage of $250,000.

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 year on 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. The school district Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending Districts for the increase (decrease) in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

BERNARDS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

Payroll Account and Position Control Roster

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 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.

Payrolls were delivered to the Treasurer of School Monies with a warrant made to his order for the full amount of each payroll.

An inquiry and subsequent review of the Position Control Roster did not identify any inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

During our payroll testing, we did not note any exceptions.

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. No exceptions were identified.

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 selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3.*

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not disclose any exceptions.

Treasurer's Records

Our review of the records of the Treasurer did not disclose any exceptions.

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 Annual Comprehensive Financial Report (ACFR). This section of the ACFR documents the financial position pertaining to the projects under Titles I and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

<u>Other Special Federal and/or State Projects</u>

The District's special projects were approved as listed on Schedule A (K-3) and Schedule B (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.

The study of compliance for the special projects indicated no instances of noncompliance or questioned costs.

<u>T.P.A.F. Reimbursement</u>

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

<u>T.P.A.F. Reimbursement to the State for Federal Salary Expenditures</u>

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.

<u>Nonpublic State Aid</u>

Our review of the Nonpublic State Aid completion reports disclosed no exceptions.

School Purchasing Programs

<u>Contracts and Agreements Requiring Advertisement for Bids</u>

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are $44,000 (with a Qualified Purchasing Agent) and $32,000 (without a Qualified Purchasing Agent), respectively. The law regulating the bidding for public school transportation contracts under *N.J.S.A.18A:39-3* is $22,400 for 2024-25.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract 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.

Based on the results of our audit, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there have 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*.

During our review of the District purchasing process, we did not note any exceptions.

BERNARDS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

School Food Service

The District does not participate in the Federal or State Child Nutrition Program.

Exhibits reflecting the food service enterprise fund are included in the B-4 through B-6 section of the ACFR.

Student Body Activities

We reviewed a sample of student activity funds' receipts and disbursements for the year ended June 30, 2025. No exceptions were noted in performing these procedures.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (ASSA) 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 ASSA was compared to the district workpapers with exceptions as identified in the schedule of Application for State School Aid.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District written procedures appear to be adequate for the recording of student enrollment data.

Finding 2025-001
During our testing of the ASSA submission, we noted that the District used incorrect income eligibility guidelines when determining students' low-income status. This resulted in the potential misclassification of students and could affect the accuracy of the District's reported low-income count, which is used in certain State aid calculations.

Recommendation
We suggest the District implement procedures to ensure that the most current New Jersey Department of Education income eligibility guidelines are obtained and applied when preparing future ASSA submissions.

Pupil Transportation

During our testing of the District's pupil transportation operations for the year ended June 30, 2025, in which Transportation Aid was tested as a major program, we noted that the District maintained adequate internal controls and appropriate documentation to support its transportation routes, ridership records, and related State aid reporting. Our testing did not identify any instances of noncompliance with New Jersey Department of Education requirements, and the information reported for Transportation Aid was found to be accurate and properly supported. The following was identified:

Finding 2025-002
During our testing of transportation contracts under the State of New Jersey Single Audit requirements (DRTRS), the District was unable to provide evidence of County Superintendent approval for three of the five transportation contracts selected for testing. Pursuant to *N.J.A.C. 6A:27-9.12*, transportation contracts exceeding the regulatory threshold require review and approval by the Executive County Superintendent prior to execution. The absence of such approval increases the risk of noncompliance with state procurement and transportation regulations.

Recommendation
We suggest the District implement procedures to ensure that all applicable transportation contracts are submitted timely for County Superintendent review and the documentation of approval be retained in the contract files.

Facilities and Capital Assets

Our procedures included a review of the New Jersey Schools Development Authority ("NJSDA") grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the general fund or from the capital reserve account and awarding of contracts for eligible facilities construction. No exceptions were noted.

Testing for Lead of All Drinking Water in Educational Facilities

The District adhered to all 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 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

Corrective action has been taken on all prior year findings.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2025 fiscal year.

Acknowledgment

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

BERNARDS TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

SCHEDULE OF AUDITED ENROLLMENTS

	Application for State School Aid						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private	Reported Workpapers On-Roll		
	Full	Shared	Full	Shared	Full	Shared	Schools	Private Schools	Errors	
Half Day Preschool - 3YR	10		10							
Half Day Preschool - 4YR	5		5							
Full Day Preschool - 3 YR										
Full Day Preschool - 4YR										
Half Day Kindergarten										
Full Day Kindergarten	260		260							
One	283		283							
Two	268		268							
Three	289		289							
Four	315		315							
Five	302		302							
Six	313		313							
Seven	337		337							
Eight	339		339							
Nine	334	4	334	4						
Ten	315	5	315	5						
Eleven	346	2	346	2						
Twelve	370	3	370	3						
Post-Graduate										
Adult H.S. (15+CR.)										
Adult H.S. (1-14 CR.)										
Subtotal	4,086	14	4,086	14	-	-	-	-	-	-
Special Ed - Elementary	203	1	203	1			1	1		
Special Ed - Middle School	134		134				5	5		
Special Ed - High School	199	1	199	1			18	18		
Subtotal	536	2	536	2	-	-	24	24	-	-
Co. Voc. - Regular										
Co. Voc. Ft. Post Sec.										
Totals	4,622	16	4,622	16	-	-	24	24	-	-
Percentage Error					0.00%	0.00%				0.00%

BERNARDS TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			Resident LEP Low Income		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
Full Day Kindergarten	9.0	9.0		4.0	3.0	1
One	6.0	6.0		4.0	4.0	
Two	7.0	7.0		4.0	4.0	
Three	7.0	7.0		1.0	1.0	
Four	4.0	4.0		2.0		2
Five	6.0	6.0		1.0	1.0	
Six	9.0	9.0		4.0	4.0	
Seven	7.0	7.0				
Eight	8.0	8.0		4.0	4.0	
Nine	9.5	9.5		3.0	3.0	
Ten	12.5	12.5		3.0	3.0	
Eleven	4.0	4.0		1.0	1.0	
Twelve	7.0	7.0		2.0	2.0	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	96	96	-	33	30	3
Special Ed - Elementary	9	9		2	2	
Special Ed - Middle	7	7				
Special Ed - High	7	7		1	1	
Subtotal	23	23	-	3	3	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	119	119	-	36	33	3
Percentage Error			0.00%			8.33%

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	2,004	2,004	-	211	211	-
Reg -SpEd	204	204	-	21	21	-
Non-Public AIL	389	389	-	41	41	-
Special Ed Spec	175	175	-	18	17	1
Totals	2,772	2,772	-	291	291	-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students	4.7	4.7
Reg Avg.(Mileage) = Regular Excluding Grade PK students	4.7	4.7
Spec Avg. = Special Ed with Special Needs	6.0	6.0

BERNARDS TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP NOT Low Income		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors
Half Day Preschool			
Full Day Preschool			
Half Day Kindegarten			
Full Day Kindergarten	1.0	1.0	
One	10.0	10.0	
Two	12.0	12.0	
Three	13.0	13.0	
Four	11.0	11.0	
Five	2.0	2.0	
Six	3.0	3.0	
Seven	2.0	2.0	
Eight	4.0	4.0	
Nine	1.0	1.0	
Ten	2.0	2.0	
Eleven	4.0	4.0	
Twelve	1.0	1.0	
Post-Graduate			
Adult H.S. (15+CR.)			
Adult H.S. (1-14 CR.)			
Subtotal	66	66	-
Special Ed - Elementary	7	7	
Special Ed - Middle	2	2	
Special Ed - High			
Subtotal	9	9	-
Co. Voc. - Regular			
Co. Voc. Ft. Post Sec.			
Totals	75	75	-
Percentage Error			0.00%

BERNARDS TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2025

SECTION 1

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1	$ 140,391,108	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	$ -	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	$ 120,700	(B1b)
Transfer from General Fund to SRF for PreK-Regular	$ -	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	$ -	(B1d)
Decreased by:		
On-Behalf TPAF Pension, Medical and Long-Term Disability Insurance and Social Security	$ 25,667,357	(B2a)
Assets Acquired Under Leases	$ -	(B2b)
Adjusted 2024-25 General Fund Expenditures [(B) + (B1s) - (B2s)]	$ 114,844,451	(B3)
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$ 2,296,889	(B4)
Enter Greater of (B4) or $250,000	$ 2,296,889	(B5)
Increased by: Allowable Adjustment*	$ 1,038,441	(K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	$ 3,335,330	(M)

SECTION 2

Total General Fund - Fund Balances at 6-30-25 (Per ACFR Budgetary Comparison Schedule C-1)	$ 27,473,877	(C)
Decreased by:		
Assigned Year End Encumbrances	$ 244,860	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	$ -	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	$ 5,761,527	(C3)
Other Restricted Fund Balances****	$ 15,027,066	(C4)
Assigned Fund Balance-Unreserved - Designated for Subsequent Year's Expenditures	$ 554,300	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	$ 5,886,124	(U1)

BERNARDS TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2025

SECTION 3

Restricted Fund Balance - Excess Surplus ***		
[(U1)-(M)] IF NEGATIVE ENTER -0-	$ 2,550,794	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	$ 5,761,527	(C3)
Reserved Excess Surplus *** [(E)]	$ 2,550,794	(E)
Total Excess Surplus [(C3)+(E)]	$ 8,312,321	(D)

Detail of Allowable Adjustments

Impact Aid	$ -	(H)
Sales & Lease-back	$ -	(I)
Extraordinary Aid	$ 856,778	(J1)
Additional Nonpublic School Transportation Aid	$ 181,663	(J2)
Current Year School Bus Advertising Revenue Recognized	$ -	(J3)
Family Crisis Transportation Aid	$ -	(J4)
Supplemental Stabilization Aid & Maintenance of Equity Aid	$ -	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 1,038,441	(K)

** This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2025 ACFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

BERNARDS TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2025

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	$	-	
Sale/lease-back reserve	$	-	
Capital reserve	$	9,079,798	
Emergency reserve	$	1,000,000	
Maintenance reserve	$	4,454,017	
Unemployment reserve	$	493,251	
Tuition reserve	$	-	
School Bus Advertising 50% Fuel Offset-current year	$	-	
School Bus Advertising 50% Fuel Offset-prior year	$	-	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	$	-	
Impact Aid General Fund Reserve (Sections 8007 and 8008)	$	-	
Other State / government mandated reserve	$	-	
[Other Restricted Fund Balance not noted above]****	$	-	
Total Other Restricted Fund Balance	$	15,027,066	(C4)

Bernards Township School District

Audit Recommendations Summary

June 30, 2025

Recommendations:

1. **Administrative Practices and Procedures**
   None

2. **Financial Planning. Accounting and Reporting**
   None

3. **School Purchasing Programs**
   None

4. **School Food Service**
   None

5. **Student Body Activities**
   None

6. **Application for State School Aid**

   2025-001 - We suggest the District implement procedures to ensure that the most current New Jersey Department of Education income eligibility guidelines are obtained and applied when preparing future ASSA submissions.

7. **Pupil Transportation**
   2025-002 – We suggest the District implement procedures to ensure that all applicable transportation contracts are submitted timely for County Superintendent review and that documentation of approval be retained in the contract files.

8. **Facilities and Capital Assets**
   None

9. **Miscellaneous**
   None

10. **Status of Prior Year Audit Findings/Recommendations**
    All prior year findings have been corrected.