

Auditor's Management Report

for the

*City of Elizabeth
School District*

in the

*County of Union
New Jersey*

for the

*Fiscal Year Ended
June 30, 2025*

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
City of Elizabeth
500 North Broad Street
County of Union
Elizabeth, New Jersey 07201

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 City of Elizabeth School District in the County of Union for the year ended June 30, 2025 and have issued our report dated December 1, 2025.

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 City of Elizabeth School District, County of Union, 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. 2389

December 1, 2025

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL AND COMPLIANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the City of Elizabeth - 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

<u>Name</u>	<u>Position</u>	<u>Amount Of Bonds</u>
Louis C. Mai, CPA	Treasurer of School Moneys	\$1,600,000.00
Harold E. Kennedy, Jr., CPA	Business Administrator/Board Secretary	835,000.00
Rajeev Malhotra, CPA	Comptroller	300,000.00
Jean Marie Ball, CPA	Assistant Comptroller	300,000.00
Jessica Alves	Accountant	300,000.00
Stephanie Arcieri	Accountant	300,000.00
Zenab Pankaj Bhagalia	Accountant	300,000.00
Patricia J. Grant	Accountant	300,000.00
B. Laxmikant-Bopalkar	Accountant	300,000.00
R. Stefanik	Accountant	300,000.00
Joyce Blaise	Accountant	300,000.00
Guilherme Matheus	Supervisor of Accounts Payable	300,000.00
All Employees	All Employee Faithful Position 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 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 school district. The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL AND COMPLIANCE

Tuition Charges

Per N.J.A.C. 6A-23A-17.1(f)3 the District is allowed to make adjustments to tuitions billings for the difference between tentative charges and actual certified tuition charges. The District currently bills tuition for students using the tuition rate generated by the State of New Jersey. Considering the small number of students involved the District has elected not to make any tuition adjustments.

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, certifications or supporting documentation.

Payroll Accounts

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 were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were properly remitted to the proper agencies, including health benefits withholdings 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.

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.

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL AND COMPLIANCE

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(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

The records maintained by the Board Secretary were in agreement with the records maintained by the Treasurer of School Monies.

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)

The E.S.S.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 Titles I and Title VI 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 Schedule A and Schedule B 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 areas of noncompliance.

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL AND COMPLIANCE

T.P.A.F. Reimbursement

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

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 and no exceptions were noted.

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 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 or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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."

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL AND COMPLIANCE**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

N.J.S.A. 18A:18A-3 States: 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 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent), \$32,000.00 (without a Qualified Purchasing Agent), respectively. 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.

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.

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL AND COMPLIANCE

School Food Service

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.

In addition, we 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 charges in fund net position (ACFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2024-2025 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no 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. 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. No exceptions were noted.

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL AND COMPLIANCE**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. 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 no 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.

Testing for Lead of All Drinking Water in Educational Facilities

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 Prior Year's Audit Findings

None

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

	2025-2026 Application for State School Aid (10/15/24 data)						Sample for Verification						Private School for Disabled			
	Reported as		Reported on		Errors		Sample		Verified per		Errors per		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full D Pre K- 3 yr	1,142		1,142				13		13							
Full D Pre K- 4 yr	1,330		1,330				16		16							
Full Day Kindergarten	1,531		1,531				17		17							
One	1,713		1,713				19		19							
Two	1,638		1,638				19		19							
Three	1,729		1,729				20		20							
Four	1,703		1,703				19		19							
Five	1,612		1,612				18		18							
Six	1,694		1,694				20		20							
Seven	1,700		1,700				18		18							
Eight	1,748		1,748				21		21							
Nine	1,936		1,936				21		21							
Ten	1,987	2	1,987	2			24	1	24	1						
Eleven	1,791	6	1,791	6			19	5	19	5						
Twelve	1,718	2	1,718	2			20	2	20	2						
Post-Graduate																
Adult H.S. (15+ CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	24,972	10	24,972	10			284	8	284	8						
Sp. Ed. - Elementary	1,799		1,799				20		20				46	29	29	
Sp. Ed. - Middle School	653		653				8		8				34	21	21	
Sp. Ed. - High School	853	2	853	2			10	2	10	2			77	47	47	
Subtotal	3,305	2	3,305	2			38	2	38	2			157	97	97	
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	28,277	12	28,277	12			322	10	322	10			157	97	97	
Percentage Error					0%						0%				0%	

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public School , col 1	2,108	2,108		187	187	
AIL, col 2	2	2				
Transportation - Non-Public col 3	101	101		9	9	
Reg. Spe Ed, col 4						
Spec. Ed., col 6	1,113	1,113		99	99	
Totals	3,324	3,324		295	295	
Percentage Error			0%			0%

CITY OF ELIZABETH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	Resident Low Income			Sample for Verification			Resident 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 LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full D Pre K- 3 yr												
Full D Pre K- 4 yr												
Full Day Kindergarten	1,304	1,304		19	19		596	596		23	23	
One	1,480	1,480		22	22		706	706		29	29	
Two	1,394	1,394		21	21		655	655		26	26	
Three	1,477	1,477		21	21		770	770		32	32	
Four	1,429	1,429		22	22		652	652		25	25	
Five	1,371	1,371		20	20		503	503		21	21	
Six	1,444	1,444		21	21		466	466		18	18	
Seven	1,452	1,452		22	22		518	518		21	21	
Eight	1,448	1,448		22	22		476	476		19	19	
Nine	1,582	1,582		23	23		546	546		21	21	
Ten	1,613	1,613		24	24		502	502		20	20	
Eleven	1,464	1,464		22	22		414	414		17	17	
Twelve	1,399	1,399		21	21		336	336		13	13	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	18,857	18,857		280	280		7,140	7,140		285	285	
Special Ed - Elementary	1,560	1,560		22	22		495	495		21	21	
Special Ed - Middle	584	584		9	9		117	117		4	4	
Special Ed - High	716	716		11	11		47	47		2	2	
Subtotal	2,860	2,860		42	42		659	659		27	27	
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	21,716	21,716		322	322		7,799	7,799		312	312	
Percentage Error			0%			0%			0%			0%

CITY OF ELIZABETH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	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
Full D Pre K- 3 yr						
Full D Pre K- 4 yr						
Full Day Kindergarten	56	56		14	14	
One	60	60		15	15	
Two	76	76		19	19	
Three	68	68		16	16	
Four	73	73		19	19	
Five	59	59		15	15	
Six	55	55		13	13	
Seven	52	52		13	13	
Eight	63	63		16	16	
Nine	104	104		25	25	
Ten	89	89		23	23	
Eleven	71	71		18	18	
Twelve	53	53		13	13	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	879	879		219	219	
Special Ed - Elementary	35	35		9	9	
Special Ed - Middle	13	13		4	4	
Special Ed - High	6	6				
Subtotal	54	54		13	13	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	933	933		232	232	
Percentage Error			0%			0%

EXCESS SURPLUS CALCULATION

SECTION 1

General Fund Expenditures:

Fiscal Year Ended June 30, 2025 \$774,330,403

Increased by:

Transfer from General Fund to SFR- Inclusion 6,860,402

Less: Expenditures Allocated to Restricted Federal Resources
as reported on Schedule D-2

9,879,391
771,311,414

Less On-Behalf TPAF Pension and Social Security

121,438,805

Adjusted General Fund Expenditures

649,872,609

Excess Surplus Percentage

2.00%

Subtotal

12,997,452

Increased by:

Extraordinary Aid (Unbudgeted)

\$1,519,937

Non-Public Transportation Aid (Unbudgeted)

47,167

1,567,104

Maximum Unassigned Fund Balance

14,564,556

SECTION 2

Total General Fund Balance

156,529,337

Decreased by:

Year End Encumbrances

7,302,132

Legally Restricted:

Capital Reserve

89,876,908

Maintenance Reserve

23,075,567

State Unemployment Insurance

4,046,415

Assigned Fund Balance - Designated for Subsequent Year's
Expenditures

10,950,000

135,251,021

Total Unassigned Fund Balance

21,278,316

Restricted Fund Balance-Excess Surplus

\$6,713,760

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2025

Restricted Excess Surplus-Designated for Subsequent Years Expenditures

\$0

Restricted Excess Surplus

6,713,760

Total

\$6,713,760

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL AND COMPLIANCE**

RECOMMENDATIONS

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Program

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

None

Pupil Transportation

None

Facilities and Capital Assets

None

Miscellaneous

None

Status of Prior Year Audit Findings/Recommendations

None