

Auditor's Management Report

for the

*Township of South Brunswick
School District*

in the

*County of Middlesex
New Jersey*

for the

*Fiscal Year Ended
June 30, 2025*

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

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INDEPENDENT AUDITOR'S REPORT

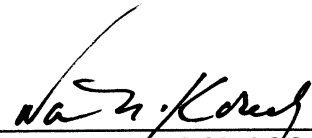
Honorable President and Members
of the Board of Education
Township of South Brunswick School District
County of Middlesex
Monmouth Junction, New Jersey 08852

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of South Brunswick School District in the County of Middlesex for the year ended June 30, 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 Township of South Brunswick School District, County of Middlesex, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

December 1, 2025

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Business Administrator/ Board Secretary and the Chief School Administrator, the activities of the Township of South Brunswick School District 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 in the District's ACFR (See Exhibit "J-20").

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

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
David Pawlowski	Board Secretary/School Business Administrator	\$525,000.00
All Employees	Blanket Bond	500,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

P.L.2020,c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A 18A:16-13.3 (Chapter 44) submitted for the fiscal year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

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

Tuition Charges

A comparison of tentative charges and actual certified tuition charges was made. The actual costs differed from the estimated costs. The Board made a proper adjustment to the billings to sending Districts for the difference in per pupil costs in accordance with N.J.A.C. 6a-23-3.1(f)3.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

The balances of funds on deposit in the Payroll Account are analyzed on a monthly basis.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable without exception.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition and an encumbrance system was fully implemented.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the ACFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

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

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-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.

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.

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

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

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 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 school food authority (SFA) had any child nutrition program reimbursement overclaims or underclaims. No exceptions were noted.

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

SCHOOL FOOD SERVICE (CONTINUED)

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.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the payroll protection plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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

STUDENT BODY ACTIVITIES/ATHLETIC FUNDS

A cash receipts and disbursement record were maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (A.S.S.A) for on-roll, private schools for the handicapped, low income, and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district work papers with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district had written procedures for the recording of student enrollment data.

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

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our procedures included review of 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

We were advised that the school district adhered to the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

Not applicable

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2024

	2025-2026 Application for State School Aid						Sample for Verification				Private School for Handicapped			
	Reported on A.S.S.A. as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Pre-K 3 yr	124		124				5		5					
Full Day Pre-K 4 yr	150		150				6		6					
Full Day Kindergarten	363		363				15		15					
One	409		409				17		17					
Two	409		409				17		17					
Three	465		465				19		19					
Four	446		446				18		18					
Five	464		464				19		19					
Six	464		464				19		19					
Seven	527		527				22		22					
Eight	543		543				22		22					
Nine	591		591				24		24					
Ten	600		600				26		26					
Eleven	596		596				25		25					
Twelve	614		614				24		24					
Subtotal	6,765		6,765				278		278					
SpEd Elementary	349		349				14		14				4	3
SpEd Middle School	213		213				9		9				6	5
SpEd High School	262	1	262	1			11		11				14	12
Subtotal	824	1	824	1			34		34				24	20
Totals	7,589	1	7,589	1			312		312				24.0	20
Percentage					0%	0%					0%	0%		0%

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2024

	Resident Low Income				Sample for Verification				Resident ELL/LEP Low Income				Sample for Verification			
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors		Reported on A.S.S.A. as ELL Low Income	Reported on Workpapers as LEP Low Income	Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	
Full Day Kindergarten	82	82			15	15			13	13			9	9		
One	86	86			16	16			22	22			15	15		
Two	91	91			17	17			23	23			16	16		
Three	73	73			14	14			15	15			10	10		
Four	77	77			15	15			12	12			8	8		
Five	86	86			16	16			12	12			8	8		
Six	69	69			13	13			6	6			4	4		
Seven	74	74			14	14			4	4			3	3		
Eight	81	81			15	15			4	4			3	3		
Nine	84	84			16	16			6	6			4	4		
Ten	93	93			18	18			7	7			5	5		
Eleven	84	84			16	16			2	2			1	1		
Twelve	82	82			16	16			2	2			1	1		
Subtotal	1062	1062			201	201			128	128			87	87		
SpEd Elementary	138	138			26	26			23	23			16	16		
SpEd Middle School	90	90			17	17			5	5			3	3		
SpEd High School	102	102			19	19			1	1			1	1		
Subtotal	330.0	330			62	62			29	29			20	20		
Totals	1,392.0	1,392			263	263			157	157			107	107		
Percentage Error			0%				0%				0%					0%
Transportation																
	Reported on DRTS by DOE	Reported on DRTS by District	Errors		Tested	Verified	Errors									
Reg. Public Schools, col.1	4391	4391			270	270										
Nonpublic Transportation, col.2	55	55			3	3										
Non-Public All, col.3	211	211			13	13										
Reg. - SpEd, Col.4	89	89			6	6										
Special Ed Spec, col.6	329	329			20	20										
Totals	5075	5075			312	312										
Percentage Error			0%				0%									

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2024

	Resident ELL/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 Pre-School						
Full Day Pre-School						
Full Day Kindergarten	29	29		18	18	
One	37	37		23	23	
Two	34	34		21	21	
Three	24	24		15	15	
Four	20	20		12	12	
Five	9	9		6	6	
Six	4	4		2	2	
Seven	7	7		4	4	
Eight	3	3		2	2	
Nine	1	1		1	1	
Ten	2	2		1	1	
Eleven	2	2		1	1	
Twelve						
Subtotal	172	172		106	106	
SpEd Elementary	8	8		5	5	
SpEd Middle School	1	1		1	1	
SpEd High School						
Subtotal	9	9		6	6	
Totals	181	181		112	112	
Percentage Error			0%			0%

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2024 - 2025 Total General Fund Expenditures per ACFR Ex. C-1	\$ <u>191,859,025.00</u>
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>35,838,515.00</u>
Assets Acquired Under Installment Purchase Contracts & Leases	<u>1,060,040.00</u>
Assets Acquired Under IT Subscription Arrangements	<u>105,353.00</u>
Adjusted 2024 - 2025 General Fund Expenditures	\$ <u>154,855,117.00</u>
2% of Adjusted 2024 - 2025 General Fund Expenditures	<u>3,097,102.00</u>
Greater of Line Above or \$250,000.00	<u>3,097,102.00</u>
Increased by: Allowable Adjustment	<u>139,726.00</u>
Maximum Unreserved/Undesignated Fund Balance	\$ <u><u>3,236,828.00</u></u>

SECTION 2

Total General Fund Balances at June 30, 2025	\$ <u>14,336,482.00</u>
Decreased by:	
Year-End Encumbrances	<u>240,175.00</u>
Legally Restricted - Designated for Subsequent Year's Expenditures	<u> </u>
Legally Restricted - Excess Surplus-Designated for Subsequent Year's Expenditures	<u> </u>
Other Restricted Fund Balances	<u>4,756,153.00</u>
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>4,754,430.00</u>
Total Unassigned Fund Balance	\$ <u><u>4,585,724.00</u></u>

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ 1,348,896.00
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Recapitulation of Excess Surplus as of June 30, 2025

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 0.00
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Restricted Excess Surplus	1,348,896.00
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Total	\$ 1,348,896.00
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 36,884.00
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Additional Non-Public School Transportation Aid	102,842.00
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\$ 139,726.00

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Capital Reserve	\$ 1,082,096.00
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Maintenance Reserve	2,719,894.00
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Emergency Reserve	700,000.00
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Reserve for Unemployment	254,163.00
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Total Other Restricted Fund Balance	\$ 4,756,153.00
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**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

RECOMMENDATIONS

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Findings/Recommendations
N/A

