

Auditor's Management Report

for the

*Sayreville Borough
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
Sayreville Borough School District
County of Middlesex
Sayreville, New Jersey

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 Sayreville School District in the County of Middlesex for the year ended June 30, 2025, and have issued our report dated December 5, 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 Borough of Sayreville School District, County of Middlesex, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

December 5, 2025

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Sayreville Borough School District 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 BOND</u>
Nicole Petrone	Treasurer of School Monies	\$465,000.00
Erin Hill	Board Secretary/ School Business Administrator	\$465,000.00
All Employees	Blanket 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.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment ("billing") to sending Districts for the increase (decrease) in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3, which is performed as part of the District's annual budget process.

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 and Compliance**

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 promptly remitted to the proper agencies including health benefits premium.

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 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. No exceptions were noted.

Board Secretary's Records

The financial records of the Board Secretary were maintained in satisfactory condition.

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition.

Elementary and Secondary Education Act of 1965 (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 the projects under Title I, Title II, Title III and Title IV as amended and reauthorized.

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

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.

T.P.A.F. Reimbursement

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.

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. 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. (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 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."

**Independent Auditor's Management Report of 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.

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-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.

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, amended.

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.

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

School Food Service Funds

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.

Finding 2025-001- Net cash resources exceeded three months average expenditures. The District has a plan approved by the Department of Agriculture to correct this net cash issue by June 30, 2026.

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.

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 disabled, 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 with no exceptions. 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 has adequate 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 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.

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

In accordance with Government Auditing Standards, our procedures included a review of the prior year audit recommendations. Corrective action had been taken on all prior year audit findings.

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

	2025-26 Application for State School Aid				Sample for Verification				Private School for Handicapped								
	Reported on A.S.A. 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.A. as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool 3 yrs	269		269														
Half Day Preschool 4 yrs	301		301														
Full Day Kindergarten	391		391					19		19							
One	354		354					17		17							
Two	403		403					18		18							
Three	372		372					19		19							
Four	337		337					16		16							
Five	361		361					19		19							
Six	350		350					17		17							
Seven	349		349					18		18							
Eight	368		368					17		17							
Nine	376		376					20		20							
Ten	355		355					17		17							
Eleven	408		408					20		20							
Twelve	347		347					18		18							
Subtotal	5,341		5,341					235		235							
SpEd Elementary (PK-5)	518		518					28		28				5		4	4
SpEd Middle School (6-8)	230		230					12		12				5		4	4
SpEd High School	300	1	300	1				11	1	11				14		12	12
Subtotal	1,048	1	1,048	1				51	1	51				24		20	20
Totals	6,389	1	6,389	1				286	1	286				24		20	20

Percentage

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

	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 Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool 3 yrs	178	178		20	20		8	8		6	6	
Half Day Preschool 4 yrs	168	168		17	17		18	18		10	10	
Full Day Kindergarten	201	201		22	22		29	29		16	16	
One	160	160		17	17		12	12		7	7	
Two	170	170		18	18		18	18		12	12	
Three	154	154		17	17		21	21		10	10	
Four	161	161		18	18		12	12		8	8	
Five	157	157		15	15		13	13		8	8	
Six	170	170		18	18		17	17		9	9	
Seven	172	172		18	18		21	21		10	10	
Eight	170	170		17	17		27	27		18	18	
Nine	188	188		18	18		26	26		14	14	
Ten	150	150		15	15		11	11		8	8	
Eleven	2,199	2,199		230	230		233	233		136	136	
Twelve												
Subtotal	2,737.0	2,737.0		291	291		247	247		141	141	
SpEd Elementary	265	265		32	32		10	10		4	4	
SpEd Middle School	123	123		13	13		3	3		1	1	
SpEd High School	150	150		16	16		1	1				
Subtotal	538	538		61	61		14	14		5	5	
Totals	2,737.0	2,737.0		291	291		247	247		141	141	

Percentage Error

Transportation					
Reported on DRTS by DOE	Reported on DRTS by District	Errors	Tested	Verified	Errors
2,988	2,988		243	243	
151	151		12	12	
225	225		18	18	
220	220		18	18	
94	94		8	8	
3,678	3,678		299	299	

Percentage Error

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

	Resident ELL NOT Low Income			Sample for Verification		Sample Errors
	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	
Half Day Preschool 3 yrs						
Half Day Preschool 4 yrs						
Full Day Kindergarten	13	13		6	6	
One	10	10		6	6	
Two	8	8		5	5	
Three	13	13		8	8	
Four	5	5		3	3	
Five	9	9		5	5	
Six	2	2		2	2	
Seven	5	5		2	2	
Eight	10	10		8	8	
Nine	4	4		3	3	
Ten	5	5		5	5	
Eleven	10	10		9	9	
Twelve	4	4		4	4	
Subtotal	<u>98</u>	<u>98</u>		<u>66</u>	<u>66</u>	
SpEd Elementary	8	8		6	6	
SpEd Middle School	1	1		1	1	
SpEd High School						
Subtotal	<u>9</u>	<u>9</u>		<u>7</u>	<u>7</u>	
Totals	<u>107</u>	<u>107</u>		<u>73</u>	<u>73</u>	
Percentage Error						

EXCESS SURPLUS CALCULATION

SECTION 1

General Fund Expenditures:

Fiscal Year Ended June 30, 2025 \$147,616,747.42

Increased by:

Transfer from General Fund to SRF for PreK 830,298.00

\$148,447,045.42

Less On-Behalf TPAF Pension and Social Security 27,549,752.91

120,897,292.51

Adjusted General Fund Expenditures

Excess Surplus Percentage 2.00%

Subtotal 2,417,945.85

Increased by:

Extraordinary Aid (Unbudgeted) \$140,756.00

Non-Public Transportation Aid 94,895.00

235,651.00

Maximum Unreserved/Undesignated Fund Balance \$2,653,596.85

SECTION 2

Total General Fund Balance \$28,870,214.24

Decreased by:

Year End Encumbrances \$1,648,041.60

Legally Restricted:

Excess Surplus - Designated for Subsequent Year's Expenditures 1,250,000.00

Unemployment Compensation 216,436.11

Maintenance Reserve 1,536,770.88

Emergency Reserve 300,460.08

Capital Reserve 19,174,393.67

Assigned Fund Balance - Designated for Subsequent Year's

Expenditures 721,316.00

24,847,418.34

Total Unassigned Fund Balance 4,022,795.90

Reserved Fund Balance-Excess Surplus \$1,369,199.05

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2025

Restricted Excess Surplus-Designated for Subsequent Years Expenditures \$1,250,000.00

Restricted Excess Surplus 1,369,199.05

Total \$2,619,199.05

**Independent Auditor's Management Report of 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

Capital Assets and Facilities

None

Miscellaneous

None

