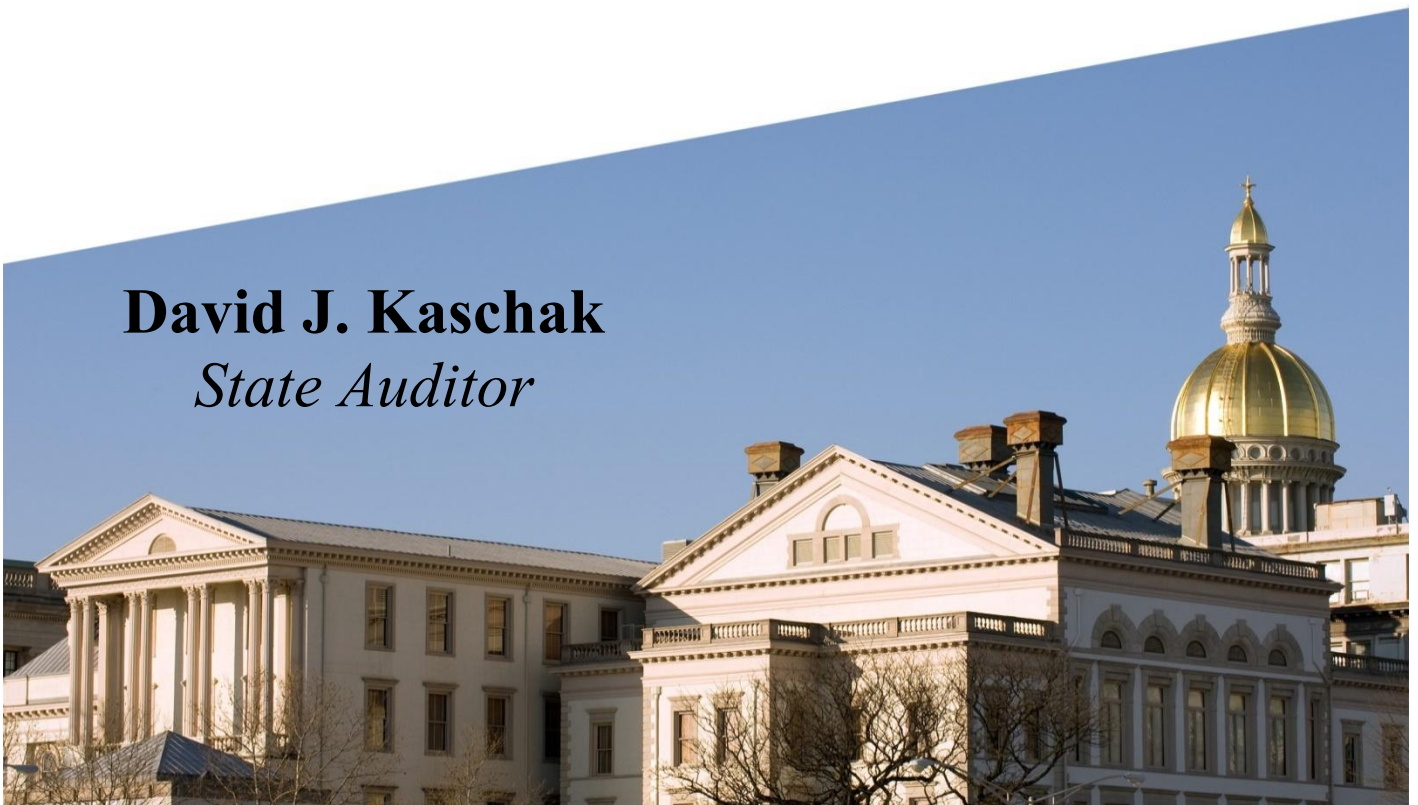


**NEW JERSEY LEGISLATURE**  
**OFFICE OF LEGISLATIVE SERVICES**  
**OFFICE OF THE STATE AUDITOR**

Bridgeton Public Schools

July 1, 2021 to June 30, 2025

**David J. Kaschak**  
*State Auditor*



LEGISLATIVE SERVICES COMMISSION

**SENATE**

Anthony M. Bucco  
Kristin M. Corrado  
Linda R. Greenstein  
Joseph Pennacchio  
M. Teresa Ruiz  
Nicholas P. Scutari  
Robert W. Singer  
Shirley K. Turner

**GENERAL ASSEMBLY**

Craig J. Coughlin  
Christopher P. DePhillips  
John DiMaio  
Louis D. Greenwald  
Antwan L. McClellan  
Nancy F. Muñoz  
Verlina Reynolds-Jackson  
Shanique Speight



**NEW JERSEY LEGISLATURE**  
**OFFICE OF LEGISLATIVE SERVICES**

125 SOUTH WARREN STREET • P.O. BOX 067 • TRENTON, NJ 08625-0067  
[www.njleg.gov](http://www.njleg.gov)

OFFICE OF THE STATE AUDITOR  
609-847-3470

**David J. Kaschak**  
State Auditor

**Brian M. Klingele**  
Assistant State Auditor

**Thomas Troutman**  
Assistant State Auditor

The Honorable Philip D. Murphy  
Governor of New Jersey

The Honorable Nicholas P. Scutari  
President of the Senate

The Honorable Craig J. Coughlin  
Speaker of the General Assembly

Ms. Maureen McMahon  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Bridgeton Public Schools for the period of July 1, 2021 to June 30, 2025. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in cursive script that reads "David J. Kaschak".

David J. Kaschak  
State Auditor  
October 21, 2025

## Table of Contents

Scope.....	1
Objectives .....	1
Methodology .....	1
Data Reliability .....	2
Conclusions.....	2
Findings and Recommendations	
Employee Benefits .....	3
Payroll.....	6
Preschool Program - Eligibility .....	8
Procurement .....	9
Student Activities Fund.....	12
Contingency Planning.....	15
Use of School Facilities .....	16
Appendix	
Methodologies to Achieve Audit Objectives.....	18
Auditee Response.....	20

---

## *Scope*

We have completed an audit of Bridgeton Public Schools (district) for the period July 1, 2021 to June 30, 2025. Our audit included financial activities accounted for in the district's General and Special Revenue Funds.

For fiscal years 2022 through 2024, annual General Fund revenues and expenditures averaged \$146.3 million and \$131.9 million, respectively, and annual Special Revenue Fund revenues and expenditures averaged \$30.0 million. The district received approximately 85 percent of its revenues from the state. The district provides regular and special education services for grade levels pre-kindergarten through 12. From fiscal year 2022 through 2024, the average daily enrollment for the district was 5,816 students, and there were approximately 972 full-time employees.

## *Objectives*

The objectives of our audit were to determine whether financial transactions were related to the district's programs, were reasonable, and were recorded properly in the accounting systems.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Title 18A-7F-6(d), originally known as the "Comprehensive Educational Improvement and Financing Act of 1996" and amended to the "School Funding Reform Act of 2008"; Article VII, Section I, Paragraph 6 of the State Constitution; and Title 52 of the New Jersey Statutes.

## *Methodology*

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, and policies of the New Jersey Department of Education (DOE) and the district. Additional guidance for the conduct of the audit was taken from the New Jersey *Statewide Information Security Manual (SISM)*, published by the New Jersey Office of Homeland Security and Preparedness, and from the National Institute of Standards and Technology (NIST). Provisions we considered significant were documented, and compliance with those requirements was verified by interview, observation, and through our testing. We also reviewed the district's budgets, read board minutes, and interviewed district personnel to obtain an understanding of the district's programs and internal controls.

To achieve our objectives, we performed various tests and analyses we deemed necessary. Additional detail regarding our methodology and work performed can be found in the Appendix,

as well as in the findings section when testing resulted in a reportable condition.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Sample populations were sorted, and transactions were judgmentally and randomly selected for testing. Because we used a nonstatistical sampling approach for our tests, we cannot project the results to the respective populations.

### ***Data Reliability***

We assessed the reliability of expenditures and payroll data obtained from the district's accounting system (EduMet) and transaction data from the Student Activities Fund bookkeeping system by reconciling the data to the district's audited financial statements. We assessed the reliability of student enrollment data obtained from the district's student information system by comparing the data to enrollment figures reported on the district's Application for State School Aid. We determined that the data was sufficiently reliable for the purposes of this report.

Certain other data in our report was used to provide background information. Data that we used for that purpose was obtained from the best available sources. *Government Auditing Standards* does not require us to complete a data reliability assessment for data used for this purpose.

### ***Conclusions***

We found the financial transactions were related to the district's programs, were reasonable, and were properly recorded in the accounting systems. In making these determinations, we noted certain internal control weaknesses meriting management's attention regarding employee benefits, payroll, preschool eligibility, procurement, the Student Activities Fund, contingency planning, and requests for the use of school facilities.

Bridgeton is a Schools Development Authority district that received an average of 85 percent of its funding from the state during our audit period and is statutorily required to ensure an effective and efficient use of the funds.

## Employee Benefits

**Overreliance on its benefits broker, failure to remove ineligible members, and errors in the calculation of employee contributions resulted in increased costs to the district and employees totaling \$7.9 million.**

### *Potential Savings*

The district procures health, prescription drug, and dental benefits for its employees through a broker that is compensated via administrative fees and commissions from the benefits providers. For health coverage, the district participates in a health insurance fund (HIF).

N.J.S.A. 18A:55-3 requires school districts to examine all available group options for insurance policies and to participate in the most cost-effective plans as a condition of receiving State Aid. The district relies on its broker to prepare an annual cost comparison between the HIF and the School Employees' Health Benefits Program (SEHBP) administered by the NJ Division of Pensions and Benefits.

A partner organization of the broker, with common management and office location, serves as Program Manager for the HIF in which the district participates, earning average annual compensation of \$2.7 million in 2022 and 2023 according to the HIF's audited financial statements. The broker may lack independence to perform the cost comparison because it benefits financially if the district continues with its current coverage.

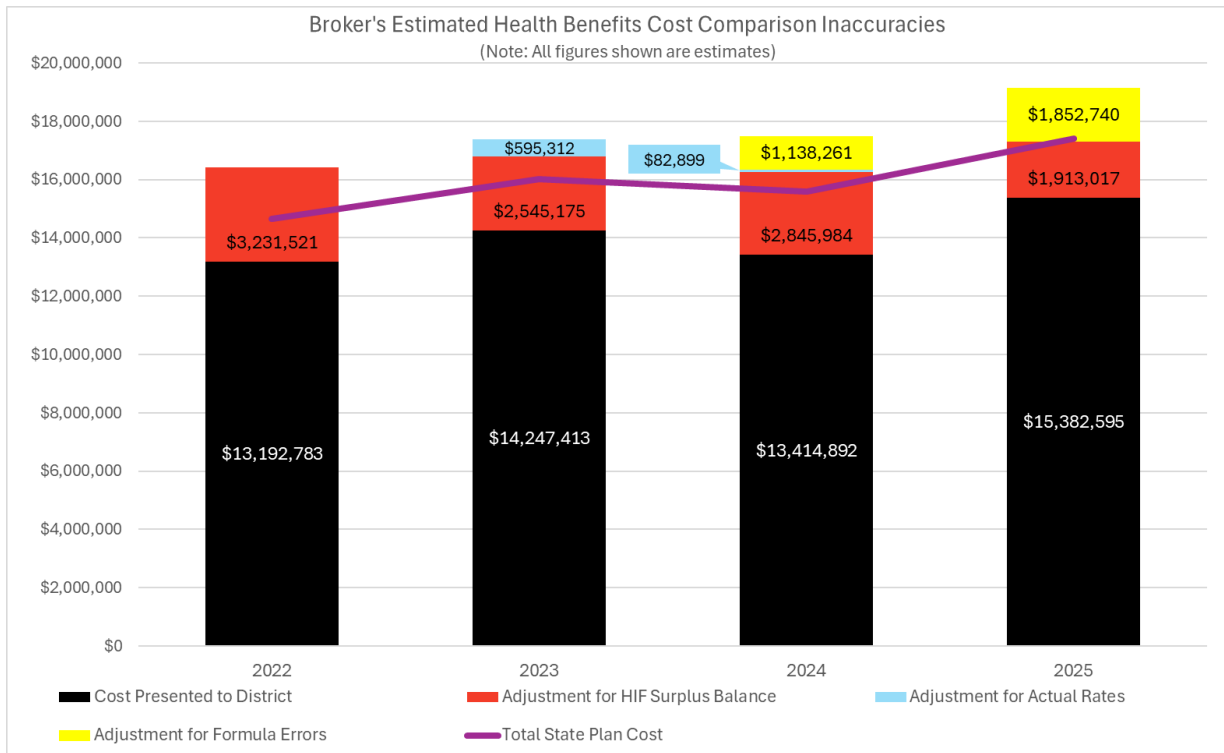
We reviewed the broker's cost comparisons for calendar years 2022 through 2025 and noted the following issues:

- The cost comparisons for 2022 through 2024 omitted the costs of prescription drug benefits. The district requested the broker include prescription drug coverage in its 2025 cost comparison after we brought this issue to its attention. The broker estimated the state plan for prescription drug benefits would save an estimated \$362,000 (8.8 percent) in 2025.
- The HIF is self-insured. Premiums remitted to the HIF are used to pay claims and other expenses. Any resulting surplus can be returned to member agencies via dividends, and deficits are resolved via supplemental assessments. The district has a surplus balance in the HIF related to prior years when premiums exceeded claims; however, no dividends have been paid since 2021. In recent years, claims have exceeded premiums, resulting in a decline in the surplus balance from \$3.23 million to \$1.91 million (41 percent) over the four years we reviewed.
- The broker's cost comparisons include the surplus balance to offset the cost of the district's current plan. This is misleading, as the surplus relates to prior periods and does not represent a reduction of the health benefit program's anticipated costs. The surplus

balance is not used to offset premium charges. Should the district withdraw from the HIF, the surplus balance will be refunded to the district over a period of six years after any outstanding claims have been settled.

- The broker’s cost comparisons for 2024 and 2025 contained formula errors that affected the calculation of estimated premiums. These errors understated the cost of the district’s coverage by \$1.14 million and \$1.85 million for calendar years 2024 and 2025, respectively.
- The premium rates included for the cost comparisons understated the increases for the district plans. Increases per the broker were “guaranteed estimated” at 8.3 percent and 7.0 percent for 2023 and 2024, respectively; however, actual increases amounted to 13.7 percent and 7.5 percent.

On average, the broker’s comparisons estimated annual savings of \$1.85 million (13.2 percent) if the district were to continue with the HIF. We recalculated the broker’s cost comparisons after removing the surplus, correcting formula errors, and replacing the “guaranteed estimated” rates with actual rates and found that the use of the HIF would have resulted in estimated additional costs of \$1.70 million per year (9.7 percent). The difference between the broker’s estimate and our recalculation averaged \$3.55 million per year.



Using actual plan enrollment data from the district's human resources system for calendar years 2022 through 2024, we calculated medical and prescription drug benefits premiums under the district's plan and under comparable plans offered by the SEHBP. We determined that the district would have saved approximately \$7.5 million (12.6 percent) had it participated in the SEHBP. This includes average annual savings of \$1.7 million (10.2 percent) for health benefits and \$827,000 (23.7 percent) for prescription drug benefits. Approximately 15.7 percent of these savings would have been passed on to district employees through reduced employee contributions. We saw no evidence that the broker recommended or that the district participated in the more cost-effective plan.

### *Ineligible Members*

According to the district's collective bargaining agreements, employees and eligible dependents may enroll in its health and dental benefits plans. The district is responsible for reviewing benefits invoices to ensure only eligible members are enrolled. We tested all enrolled individuals on benefits invoices as of May 2024 to verify eligibility and found that the district did not have effective controls in place to ensure timely removal of terminated employees from its benefits plans. Our tests disclosed the following:

- Ten of 723 individuals enrolled in prescription drug benefits had either separated from employment or waived coverage. Five of these individuals should have had their coverage terminated as far back as 2015. The district paid premiums totaling \$325,857 for these individuals through August 2024.
- Fourteen of 753 individuals enrolled in dental benefits had either separated from employment or waived coverage. Thirteen of these individuals should have had their coverage terminated in 2015 or 2016. The district paid premiums totaling \$61,311 for these individuals through August 2024.
- One of 715 individuals enrolled in health benefits separated from the district in August 2022. The district paid premiums totaling \$24,140 for this individual through August 2024.

In total, we found the district paid \$411,308 in premiums for individuals whose coverage should have been terminated.

### *Employee Contributions*

N.J.S.A. 18A:16-17.1 requires employees to contribute to the cost of their health benefits. Contribution amounts are calculated by the accounting system using the employee's salary, plan selected, and level of coverage: single, member and spouse, family, or parent and child(ren).

To determine if employee contributions were properly calculated, we tested a random sample of 30 employees with benefits as of May 2024 and found one employee whose contributions for the

month exceeded our calculation by \$62. Because this was the only employee in our sample enrolled in the Garden State Plan for health benefits coverage, we expanded our review to include all employees enrolled in that plan and found that all of their contributions exceeded the amount required. In total, 16 employees overpaid their required contributions by \$769 for the month of May 2024. We noted that the contribution percentages used to calculate the employee share was consistent with those intended for a different health benefits plan (Educators' Health Plan).

Management agreed that the incorrect rates were used and attributed the error to the accounting system not being properly updated when the Garden State Plan was introduced in 2022. As a result, the district issued refunds to 22 employees totaling \$8,516 for excess contributions collected.

### **Recommendation**

We recommend the district comply with N.J.S.A. 18A:55-3 and participate in the most cost-effective plans for employee benefits. If the district hires a broker to perform a cost comparison, it should ensure the broker is free of any conflict of interest. We also recommend the district implement a procedure to ensure employee benefits are promptly terminated after separating from employment or waiving coverage and periodically review its benefits invoices for propriety. We further recommend the district ensure employee contributions toward coverage are withheld at the appropriate rate and that the accounting system is properly updated when new plans and/or contribution rates are introduced.



## **Payroll**

**Reduced summer hours and sick leave practices resulted in employees being compensated for excess time off totaling \$1 million. Control weaknesses over coaches' stipends were also noted.**

### *Reduced Summer Hours*

During the summer, 12-month employees were granted additional paid time off in excess of what was negotiated in the collective bargaining agreements. The board of education voted to approve reduced summer hours with district facilities closed on Fridays and no expectation that employees make up the work time. Custodial and maintenance staff were expressly excluded from this program.

Excluding summer 2022 when employees were required to work remotely on Fridays, the reduced summer work schedule amounted to an additional nine paid days off for 12-month staff in 2021 and 2024, and an additional eight paid days off in 2023. On average, 127 employees were affected, with average annual salaries allocable to the noncontractual time off approximating

\$320,000. Compensating staff for time off in excess of contractual obligations is not a proper use of district resources.

### *Sick Leave*

The district grants employees a full year's allotment of sick leave at the start of the fiscal year and does not prorate time in the year that an employee separates from employment. This is not an efficient practice, as an employee who retires mid-year will receive a full year's allotment of sick leave. To determine the impact of this practice, we reviewed sick leave usage for a random sample of 30 of the 119 employees who separated during fiscal year 2025. Eight of the 30 employees (27 percent) used more sick leave than they would have accrued if their time had been prorated. Compensation for these eight employees' excess sick time amounted to \$8,557.

From fiscal year 2022 to fiscal year 2025 (as of September 2024), the district paid \$503,587 in lump sum payouts of unused sick leave to 77 retired employees. We judgmentally selected the ten largest payouts for testing and noted the following:

- Three of ten employees were compensated for leave time that would not have been accrued if time had been prorated. The additional compensation totaled \$2,026 for 18 sick days.
- Three of ten employees were underpaid a total of four days (\$450) because unused personal days were not converted to sick days at year end as permitted by the collective bargaining agreement.
- One employee was overpaid \$1,140 as a result of a combination of errors with the daily rate and number of days.

### *Athletic Coach Stipends*

Employees who perform coaching duties for the district's athletic teams are compensated via stipends at amounts specified in the Bridgeton Education Association (BEA) collective bargaining agreement. In fiscal years 2022 through 2024, the district made 186 coach stipend payments totaling \$763,942. We tested the propriety of all coach stipends during this period and noted the following issues:

- Nine payments (five percent) totaling \$26,058 were not properly approved by board resolution. This included four payments totaling \$4,145 that were never included on a board resolution and five payments totaling \$21,913 that were not approved timely; two of these five payments were approved after the season had already begun, and three were not approved until after the season ended.
- Five payments (three percent) totaling \$17,873 were for assistant coach positions not outlined in the BEA agreement.

- We noted ten instances of coaches receiving stipend payments for more than one position during the same season. These coaches were permitted to receive or share stipends for other unfilled coaching positions. While not explicitly prohibited by contract, we question the reasonableness of whether coaches could perform both duties at once.

Internal control weaknesses over coaches' stipends could leave the board uninformed and result in overpayments.

### **Recommendation**

We recommend the district discontinue its practice of granting excess paid time off for summer hours to staff or amend its collective bargaining agreements. We also recommend the district prorate sick time for employees who separate during the fiscal year and improve controls for the payment of unused sick leave. We further recommend the district improve controls over coaches' stipends.



## **Preschool Program – Eligibility**

**The district lacked adequate support documentation to verify students enrolled in the universal preschool program were district residents.**

As a Schools Development Authority district, the district must provide a universal preschool program – a free, full-day preschool program to all 3- and 4-year-old residents of the City of Bridgeton. At registration, the district requires the child's original birth certificate, immunization records, and two proofs of residency, such as a lease, utility bill, or bank statement in the parent or guardian's name. If proof of residency documents in the parent's or guardian's name cannot be provided, the district will accept an Assurance of Residency Statement signed by the owner or tenant with whom the child resides. While N.J.A.C. 6A:22-3.4 allows for affidavits, certifications, and sworn attestations from the person(s) with whom a family is living as proof of eligibility, the Assurance of Residency Statement does not meet the requirements in the administrative code, as the individual with whom the parent or guardian resides does not have to be present during registration or have the form notarized.

From fiscal year 2022 to 2024, enrollment in the district's universal preschool program averaged 648 students, with annual expenditures averaging \$9.3 million. We tracked the students' enrollment into the subsequent fiscal years and identified 145 students who did not continue their education within the district. We tested 28 of these students' files to verify eligibility and noted the following issues:

- Student registration files for 16 of the 28 students (57 percent) were unavailable for inspection. These files were sent to other districts where the students transferred. At our request, the district reached out to the other districts to obtain copies of the registration

documents from their student files. Support was provided for 14 of the 16 students; however, none of the documents provided were sufficient to verify proof of residency during the time of attendance at preschool. The support provided either lacked proof of residency documentation, included proof of residency documents for the student's new address in another district, or was not in the name of the parent or guardian.

- Two of the twelve student files (17 percent) that were available for inspection lacked adequate proof of residency documentation because the parent or guardian only submitted an Assurance of Residency Statement.

According to N.J.A.C. 6A:13A-2.1(d) and (e), a district with a universal preschool program is only permitted to enroll nonresident students through an agreement between boards of education if the student is at-risk or if the parent(s) or guardian(s) pays tuition at a rate comparable to the per pupil rate provided in State Aid. The district's per pupil rate for State Aid in fiscal year 2025 was approximately \$15,000. We reviewed preschool enrollment records to identify students who did not have a Bridgeton address and identified one ineligible nonresident whose parent was a district employee. The district permitted the student to finish the school year without paying tuition after we brought the issue to its attention.

### **Recommendation**

We recommend the district retain copies of student registration documents as evidence of eligibility. We also recommend the district comply with the program rules regarding proof of residency and tuition.



## **Procurement**

### **Internal control weaknesses in the procurement process resulted in noncompliance with applicable policies and regulations.**

According to N.J.A.C. 6A:23A, management is responsible for establishing specific internal control policies and procedures designed to provide reasonable assurance that the district's goals and objectives will be achieved. Internal controls shall promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies, and foster compliance with laws and regulations.

Our tests and analyses of the district's procurement process identified control weaknesses and noncompliance.

### *Approval Process*

The district's purchase order approval process requires multiple levels of approval, including final approvals by the business administrator and superintendent. If the appropriate personnel are unavailable, procedures allow for proxy approval on their behalf. An approval override report should be generated periodically for review by the Board Finance Committee to ensure proxy approvals are explainable.

The district made payments totaling \$166.2 million on 17,192 purchase orders from fiscal year 2022 through 2025 (as of February 4, 2025). We randomly selected 50 purchase orders with payments totaling \$2.1 million to verify proper approval. Our test found that 10 of the purchase orders (20 percent) were not approved in accordance with the district's procedures.

- Seven purchase orders totaling \$31,326 had approval levels overridden by proxy approvers; however, no approval override reports were generated for review by the Board Finance Committee, as required. Management acknowledged being unaware of the requirement for an approval override report.
- Three purchase orders totaling \$42,610 had only two approval levels applied, both from within the purchasing office. Management described these transactions as contract vouchers, which follow an expedited approval process because the goods or services are available on contract. However, the contract voucher process is not provided for in the district's procedures.

Unreviewed proxy approvals and the contract voucher process could inhibit the district's ability to detect and prevent improper purchases.

### *Confirming Orders*

A confirming order is a purchase of goods or services before a purchase order has been authorized. The use of confirming orders is a violation of district procedures and increases the risk that budget accounts could be overspent because of unrecorded liabilities.

To verify that goods and services were properly authorized before purchases were made, we reviewed support documentation for a random sample of 30 purchase orders totaling \$106,819 from 17,192 purchase orders totaling \$166.2 million from fiscal years 2022 through 2025 (as of February 4, 2025). Eight of twenty-six applicable purchase orders (31 percent) totaling \$62,471 were confirming orders, including transactions for tuition, bus repairs, internet service, testing fees, custodial supplies, and costumes for a school play. Support for a purchase order for \$3,197 could not be located.

### *Outstanding Checks*

According to the New Jersey Uniform Unclaimed Property Act, unclaimed property, such as outstanding district-issued checks, that has been outstanding for more than three years is presumed abandoned and should be escheated to the New Jersey Unclaimed Property Administration (UPA). The UPA maintains a searchable online database where the rightful owners of property can locate their property and file a claim.

District practice has been to cancel checks outstanding more than one fiscal year and credit the amount back to the district's General Fund as miscellaneous revenue. Once a valid check is issued by the district, the funds are no longer district property; therefore, this practice is improper. In fiscal years 2022 through 2024, the district credited 49 outstanding checks totaling \$16,163 back as revenue in its General Fund. Management acknowledged it was unaware of the requirement to escheat funds to the UPA when presumed abandoned.

### *Receipt Verification*

Prior to issuing payment, district procedures require the responsible employee to sign a pink copy of the purchase order (receiving report) and forward it to accounts payable as an acknowledgement that goods or services were received. Breakdowns in these procedures could lead to erroneous payments for goods or services never received.

Excluding payroll and fringe benefits transactions, the district made 20,340 payments totaling \$159 million on purchase orders from fiscal year 2022 through fiscal year 2025 (as of February 4, 2025). We selected a random sample of 25 payments totaling \$30,157 to test the accounts payable functions. Our test found that 6 of 23 applicable payments (26 percent) totaling \$9,947 did not have a properly signed receiving report. These included two payments where the receiving report was signed by a staff member in the purchasing office, two that were not signed until several months after goods or services were received, one that was signed before the goods were received, and one that was unsigned.

### **Recommendation**

We recommend the district discontinue its use of confirming orders and comply with its procedures for purchase approvals and receipt verification. We also recommend the district escheat outstanding checks to the UPA in accordance with the NJ Uniform Unclaimed Property Act.



## Student Activities Fund

**Athletic account purchases circumvented the purchase order process and inadequate internal controls over student activities resulted in cash at risk, unreconciled deposits, and noncompliance with regulations.**

The district maintains an offline Student Activities Fund, which includes various fundraising accounts for student clubs, teams, and organizations. Additionally, it includes accounts that are controlled by the district, such as the athletic account and principal's account. The district maintains separate bank accounts at each school and uses bookkeeping software to track individual club (subaccount) balances. A staff member is compensated via a stipend to perform school banker duties consisting of recording transactions, making deposits, and issuing checks. Checks must be signed by the school banker and either the school principal or athletic director.

Average annual revenues and expenditures of the Student Activities Fund were \$250,035 and \$350,072 for fiscal years 2022 through 2024, respectively. Additionally, \$101,333 was transferred into the Student Activities Fund from the General Fund. Our review of the Student Activities Fund focused on the high school account because it accounted for 82 percent of all receipts and disbursements. We performed various tests and analyses that identified several internal control deficiencies described below.

### *Athletic Account Purchases*

The district has an athletic account within the Student Activities Fund for payments to game officials and deposits of gate receipts from athletic events. Purchases made through the athletic account are subject to less stringent controls than those made through the district's purchase order process. While purchase orders require various approvals, athletic account purchases only require the approval of the athletic director.

Expenditures of the athletic account totaled \$318,902 for fiscal years 2022 through 2024. During this period, receipts totaled \$310,247, of which \$268,000 (86 percent) were transfers from the district's General Fund. To test the propriety of athletic account purchases, we judgmentally selected the 16 vendors with the greatest aggregate payments from fiscal year 2022 to 2024, comprising 49 percent of all athletic account expenditures. We then selected the highest-dollar payment to each of these vendors for a sample of 16 transactions totaling \$74,362 and found that all 16 purchases were for goods or services that should have gone through the district's purchase order process but did not. These purchases included equipment, supplies, league dues, laundry services, subscription services, and banquet expenses. We also noted three purchases totaling \$34,361 exceeded the quote threshold without evidence that a second quote was obtained, as required.

Transfers from the General Fund to the athletic account for purchases that should go through the purchase order process circumvented the internal controls designed to prevent improper

purchases. Additionally, this practice results in an understatement of General Fund expenditures and an overstatement of Student Activity Fund expenditures.

### *Transaction Testing*

The district made 589 deposits to the Student Activities Fund totaling \$558,894 in fiscal years 2022 through 2024. For our review of deposits, we judgmentally selected the ten highest-dollar deposits and randomly selected an additional ten for a sample of 20 deposits totaling \$101,703. Our review found the following:

- Fifteen deposits (75 percent) did not have adequate support. Support generally only consisted of the deposit slip and a sheet of paper with a cash count.
- Three deposits (15 percent) were not made timely. The high school's procedures require deposits to be made within 48 hours; however, these deposits were made between 3 to 6 days after receipt.

In performing our test of deposits, we noted most of the high-dollar transactions were for a class account. We requested and obtained receipt books and additional support from the class advisor and performed additional procedures to determine whether fiscal year 2024 deposits for this account were proper. Our additional tests disclosed the following issues:

- The cash receipt books we received included dates from October 2023 through May 2024. We attempted to reconcile the amount of cash received per the receipt books to actual cash deposits but noted variances ranging from \$3,653 short to \$7,293 over. Cash receipts per the receipt books were \$85,932 while actual deposits were \$90,630, or \$4,698 (5 percent) more than what was documented in receipt books.
- We noted there were cash receipts totaling \$352 that were recorded in the books after the class's last deposit was made on May 23, 2024. The class advisor acknowledged having forgotten to make a deposit and claimed the cash was in a deposit bag in the school safe. We visited the high school to inspect the safe and counted \$1,397 in a deposit bag for the class account. The cash was not organized, and there was no deposit slip or record of the amount within the deposit bag.

The school banker informed us that the deposit bag was turned in by the class advisor the morning we counted it. The class advisor then informed us the cash was in a locked office cabinet since the prior school year. It then took an additional 35 days after our cash count before \$1,486 was deposited to the class account. According to N.J.A.C. 6A:23A-16.12(c)(1), receipts shall be promptly deposited in the bank, and the district's Money in School Buildings policy prohibits leaving money overnight anywhere other than the school safe.

- During fiscal year 2024, student payments for the class trip totaled \$69,029, of which \$67,669 (98 percent) was cash. Trip planning materials did not encourage the use of more secure payment methods such as checks or electronic payments. The use of cash increases the risk of theft or loss.
- Refundable deposits of \$50 per roundtrip airfare ticket were made on the personal credit card of a district administrator who was reimbursed by the class account. We noted that the district ultimately purchased 18 fewer tickets than initially planned; however, we did not see any refunded deposit for the unpurchased tickets or any credit toward the final payment due. After bringing this to the administrator's attention, they realized they had received a refund of \$900 on their personal account. The administrator promptly wrote a check to the class account.
- We randomly selected 11 of 75 students to determine whether they paid in full for the class trip and found that student payments were not adequately tracked. One student did not travel and was refunded \$105 more than they had paid. Four of the remaining 10 students (40 percent) did not pay the correct amount. Three students underpaid a total of \$210, and one student overpaid by \$50. This student received an extra \$50 credit from fundraising money despite having already paid in full.
- We reviewed all four deposits of concession sales proceeds to the class account during fiscal year 2024 and noted three deposits (75 percent) were not timely. Procedures require deposits to be made within 48 hours, yet the average deposit of concession sales took 6.5 business days.

#### *Dormant Accounts*

As of June 30, 2024, the high school student activity account had 85 clubs/activities with balances totaling \$218,463. Forty-three of the 85 clubs/activities with balances totaling \$69,599 had no activity during fiscal years 2022 through 2024. These dormant accounts accounted for 32 percent of the total account balance, with most belonging to classes that graduated. These accounts may be at an increased risk for loss, theft, or diversion for other purposes because they are not actively monitored.

Neither the district's Student Activities Fund policy nor its standard operating procedure address liquidation of dormant accounts. In the absence of a formal policy or procedure, an internal procedure was implemented at the high school during fiscal year 2025 in which any account that was inactive for two consecutive years is closed and the balance transferred into the principal's account to be used at their discretion for the benefit of the entire student body. While this does address the issue of dormant accounts, we question whether it is appropriate, as it enables student funds to be used for purposes other than those originally intended. As of March 19, 2025, \$36,450 was transferred into the principal's account from the dormant accounts we identified.

### *Outstanding Checks*

As explained in our earlier procurement finding, outstanding checks issued by the district are deemed to be abandoned property after three years and should be escheated to the New Jersey Unclaimed Property Administration. District practice for outstanding checks issued from the Student Activities Fund is to credit amounts outstanding for more than a fiscal year back to the student activity account from which the check was issued. In fiscal years 2022 through 2024, the district credited 52 outstanding checks totaling \$11,279 back to the Student Activities Fund. Most of the checks were merit awards to students for as much as \$1,000.

### **Recommendation**

We recommend the district use its purchase order process instead of the athletic account for purchases where appropriate. The district should encourage the use of checks or an electronic payment system to collect student payments. We also recommend the district strengthen internal controls in the Student Activities Fund to ensure deposits are timely and adequately supported. We further recommend the district update its Student Activities Fund policies to address the disposition of dormant accounts, comply with the NJ Uniform Unclaimed Property Act, and improve tracking of student payments.



### **Contingency Planning**

**The district does not have a formal contingency plan for its information technology (IT) systems.**

The National Institute of Standards and Technology (NIST) publishes guidance to establish controls that can be implemented within any organization or system that processes, stores, or transmits information. Additionally, the New Jersey Office of Homeland Security and Preparedness has published the *Statewide Information Security Manual (SISM)*, which provides detailed guidance that the executive branch of New Jersey state government is required to follow. While school districts are not required to comply with the *SISM*, it provides a framework that can be useful in developing and implementing IT controls.

The NIST and *SISM* recommend any organization develop, implement, test, and maintain contingency plans to ensure continuity of operations for all IT systems. Contingency planning consists of technical and operational aspects. The technical aspects are the processes connected to backing up and restoring an IT system to a ready state with minimal loss of time, functionality, and data. The operational aspects are the processes and procedures that are used to put the organization's employees in a position to resume normal operations.

The district does not have a documented contingency plan for its IT systems. The lack of a formalized contingency plan can increase risks including, but not limited to: downtime, data loss, higher recovery costs, and poor coordination among staff during a crisis.

### **Recommendation**

We recommend the district develop a contingency plan for its IT systems.



## **Use of School Facilities**

### **The district's process for approving use of school facilities requests lacked consistency and transparency.**

The district permits groups to use school facilities for the benefit of the community, provided that such use does not interfere with the orderly conduct of a thorough and efficient system of education. Groups permitted to use school facilities include those directly and indirectly related to the district's schools, government organizations, and community organizations for charitable, civic, or educational purposes. Groups must request use of school facilities in writing and provide proof of insurance. The district's use of school facility policy includes a schedule of charges that allows the district to recover costs associated with these events.

We reviewed board meeting agendas from July 2021 through December 2024 and identified 86 requests for the use of school facilities. This included 50 events where facility usage fees would be charged, 8 events where a fee waiver was requested, and 28 events where the board agenda did not mention fees. To test for compliance with the district's policy and procedures for the use of school facilities, we randomly selected 13 requests: 6 with fees, 2 without fees, and 5 where fees were not mentioned. Our test noted the following:

- No support, such as written requests or proof of insurance, could be located for 2 of 13 requests (15 percent).
- We noted that the district's use of facilities policy does not contain any guidance regarding situations where fees will be waived. Of the remaining 11 requests, 6 included fees and 5 did not; however, the support did not contain any rationale explaining why fees were waived.
- We recalculated fees for the six requests where fees were charged and noted discrepancies totaling \$1,771. These were due to room rental charges that were not consistently applied and one instance where the amount of fees approved by the board was subsequently reduced at the group's request without any official board action.

- We noted that the board agendas did not disclose the amount of fees waived. Support for one request for use of the high school stadium included a calculation of fees totaling \$4,152. We noted that this amount was understated as it did not include a press box operator who was paid \$576 for the event. In total, this amounted to an undisclosed district donation of \$4,728 to the group.
- District policy requires payment at least 10 days in advance of the event. Three of five payments (60 percent) were not received timely. These payments were received between 15 and 44 days after the event took place.
- One of the 11 requests (9 percent) did not have a copy of the group's insurance certificate on file. The insurance certificate is required at least 48 hours in advance.

### **Recommendation**

We recommend the district clarify its policy and procedures regarding when fees will be waived for the use of school facilities. We also recommend the district strengthen its controls over the use of school facilities process to ensure compliance with its policy and procedures.



## *Appendix*

### **Methodologies to Achieve Audit Objectives**

To determine if the 1,504 vendors that did business with the district had a valid New Jersey Business Registration Certificate, we judgmentally selected the top 10 vendors by dollar amount and randomly selected an additional 20 vendors for testing.

To determine whether the district did business with debarred vendors, we matched the district's vendor list to lists of debarred vendors maintained by the New Jersey Department of Labor and Workforce Development and the New Jersey Division of Revenue and Enterprise Services.

To determine if there were any potentially improper and undisclosed related party transactions, we performed a match between vendor and employee addresses.

To determine if the district complied with the New Jersey Public School Contracts Law and obtained price quotations when required, we reviewed 18 randomly selected purchase orders totaling \$289,369 from a population of 17,192 purchase orders that were subject to the quotation requirement.

To determine whether the district complied with the New Jersey Public School Contracts Law, we reviewed all 104 vendors with purchases exceeding the bid threshold.

To determine whether bidding was properly completed, we randomly selected 5 of 68 vendors that were awarded contracts through a competitive bidding process and reviewed the district's support documentation.

To determine if individuals not employed were receiving salary payments, we tested all salaried employees who did not use any leave time in fiscal years 2022 to 2024.

To determine if employees hired during fiscal years 2024 and 2025 had their salaries properly prorated, we tested a random sample of 25 of 126 new hires in fiscal year 2024 and 20 of 121 new hires in fiscal year 2025.

To determine the propriety of home instruction compensation, we judgmentally selected the four instructors with the highest earnings in each of fiscal years 2022, 2023, and 2024 and reviewed all of their timesheets for the last quarter of the fiscal year.

To determine if overtime payments were properly approved, properly calculated, adequately rationalized and timely submitted, we judgmentally selected the top 10 earners of overtime and their three highest payments, totaling \$72,219 from fiscal years 2022 through 2024.

To determine if employees received proper approval and were compensated correctly for extra contracts, we judgmentally selected all extra contract stipend payments for each of the four highest-paid employees, totaling \$105,086 from fiscal year 2022 to 2024.

To determine the propriety of extra pay for employees in high ranking and/or payroll positions, we judgmentally selected the 10 highest-paid employees and an additional five who are in high ranking and/or payroll positions then selected each person's three highest payments totaling \$67,144.

To determine whether employees who received health benefits waiver payments in fiscal year 2024 were enrolled in the district's health benefits coverage, we compared all individuals who received health benefits waiver payments to individuals enrolled in the health benefits plan.

To determine whether employees who waived health benefits were properly contributing toward dental benefits, we tested all employees who waived health but maintained dental benefits.

To determine whether all employees had an approved criminal history background check, we compared all employees on the district's payroll in fiscal year 2024 to a report from the DOE's Office of Student Protection listing individuals with approved criminal history background checks to work at the district.

To determine whether only current employees have access to the district's accounting system, we compared active users from the accounting system and active directory to payroll records.

To determine the accuracy of the district's Application for State School Aid, we reconciled the reported student enrollments to reports obtained from the district's student information system for fiscal years 2022 through 2025.

To determine whether payments to private provider preschools were properly adjusted for average daily enrollments, we reviewed all payments in fiscal year 2024 during months in which the private provider preschools reported average daily enrollments below 14/15ths of their contracted enrollment.

To determine whether all funds paid to private provider preschools for fiscal year 2024 were properly expended, we matched district payments to the private providers to expenditure reports.





# Bridgeton Public Schools

## Business Administrator's Office

Thomas C. Lane, IV Administration Building  
41 Bank Street  
Bridgeton, New Jersey 08302

Mr. Pasquale Yacovelli  
School Business Administrator  
School Board Secretary

Tel: (856) 455-8030, ext. 2040  
Email: pasquale.yacovelli@bridgeton.k12.nj.us  
Fax: (856) 459-2084

October 13, 2025

Mr. David J. Kaschak, State Auditor  
New Jersey Legislature  
Office of Legislative Services  
Office of the State Auditor

Dear Mr. Kaschak,

We are in receipt of the Audit Report ("Audit") for the Bridgeton Public School District ("District") from the Office of the State Auditor ("Auditor") covering the period July 1, 2021, to June 30, 2025. This letter serves as the district's responses to the Audit recommendations, and we appreciate the opportunity to provide said responses. Additionally, we extend our appreciation to the auditors for their work and professionalism while conducting the audit. Below please find the district's responses:

### Employee Benefits - Recommendation

Recommend the district comply with N.J.S.A. 18A:55-3 and participate in the most cost-effective plans for employee benefits. If the district hires a broker to perform a cost comparison, it should ensure the broker is free of any conflict of interest. Also recommend the district implement a procedure to ensure employee benefits are promptly terminated after separating from employment or waiving coverage and periodically review its benefits invoices for propriety. Further, recommend the district ensure employee contributions toward coverage are withheld at the appropriate rate and that the accounting system is properly updated when new plans and/or contribution rates are introduced.

### District Response

The district maintains a long-term vision with respect to management of employee benefit expenses. While a two-to-three-year comparison may potentially present savings of the district's existing plans in contrast with the School Employees' Health Benefits Program ("SEHBP"), it is clear the SEHBP faces structural issues as noted in the May 19, 2025 report from the plan's actuary, Aon. The report cites "structural issues stemming from adverse selection, an unstable pool risk, high utilization, and benefit plans with very high actuarial values (AVs)", potentially "entering a death spiral in the medium-term or experiencing serious affordability issues for its members". In fact, on July 9, 2025, Aon proposed rate increases for active members of the SEHBP as follows:

- Medical – 27.9% increase
- Prescription – 58.6% increase
- Total – 31.9% increase

A rate increase of this magnitude would prove catastrophic to the district as it attempts to navigate an uncertain future for New Jersey's school aid funding formula.

The district's insurance broker does perform an annual cost comparison of employee benefit plans and furthermore, upholds the highest professional standards and fiduciary duty to the district as regulated by the New Jersey Department of Banking and Insurance (NJDOBI). The district sees no conflict of interest with respect to broker and health insurance fund (HIF).

In regard to ensuring employee benefits are promptly terminated, the Human Resources Office will revise internal procedures for employees who are resigning to include a verification that employee benefits have been terminated. Such procedures will include a review of benefits invoice to determine if action is necessary.

The Business Office, in cooperation with the Human Resources Office, will implement rate changes promptly into the district's accounting system. The district notes that after being informed by the Auditor that employees enrolled in the Garden State Plan had withholdings at the higher Educators' Health Plan rates, refunds totaling approximately \$8,000 were issued to affected employees.

#### **Payroll – Recommendation**

Recommend the district discontinue its practice of granting excess paid time off for summer hours to staff or amend its collective bargaining agreements. Also recommend the district prorate sick time for employees who separate during the fiscal year and improve controls for the payment of unused sick leave. Further recommend the district improve controls over coaches' stipends.

#### **District Response**

New Jersey school districts, like many other states nationwide, faces challenges filling vacant positions; even more so since the Covid-19 pandemic. For Bridgeton Public Schools, an SDA (Schools Development Authority) District, the challenge of filling vacant positions is even further amplified by its remote geographic location in Cumberland County as well as competition from surrounding school districts, two of which are SDA Districts. To incentivize candidates to apply, and additionally retain existing staff, the Board of Education approves a summer work schedule consisting of reduced hours. These reduced summer hours greatly impact on staff morale and offer an incentive for staff in other districts to apply for vacant positions. Furthermore, this allows the district to remain competitive with other school districts who offer modified summer hours.

The district acknowledges that eight (8) out of thirty (30) separated employees selected by the Auditors did use more sick leave time than would have been prorated, totaling \$8,557.04 of overused time. Procedures will be implemented by the Human Resources Office to ensure that sick time is prorated for employees who separate during the fiscal year and work in conjunction with the Business Office to improve controls for the payment of unused sick leave, which totaled \$2,715.50 for seven (7) out of ten (10) employees selected.

Additionally, controls will be revised for coaching stipends and board of education approval. However, it should be noted that the Collective Bargaining Agreement with the Bridgeton Education Association does not preclude an employee from being approved for more than one (1) stipend.

#### **Preschool Program Eligibility – Recommendation**

Recommend the district retain copies of student registration documents as evidence of eligibility. Also recommend the district comply with the program rules regarding proof of residency and tuition.

#### **District Response**

The district will retain copies of student registration documents and comply with rules regarding proof of residency and tuition.

#### **Procurement – Recommendation**

Recommend the district discontinue its use of confirming orders and comply with its procedures for purchase approvals and receipt verification. Also recommend the district escheat outstanding checks to the NJ Unclaimed Property Administration ("UPA") in accordance with the NJ Uniform Unclaimed Property Act.

#### **District Response**

The district acknowledges the confirming orders noted by the Auditors. Of twenty-six (26) Purchase Orders ("PO") tested, eight (8) confirming POs consisted of charges for monthly internet services, tuition to schools for out-of-district special education placements, student transportation services, student SAT exams, student costumes for the high school musical, and staff tuition reimbursement. The district's purchasing procedures will be reviewed with staff in an effort to avoid confirming orders.

The district will review its procedures for outstanding checks to ensure compliance with the Auditor's recommendation.

**Student Activities Fund – Recommendation**

Recommend the district use its purchase order process instead of the athletic account for purchases where appropriate. The district should encourage the use of checks or an electronic payment system to collect student payments. Also recommend the district strengthen internal controls in the Student Activities Fund to ensure deposits are timely and adequately supported. Further recommend the district update its Student Activities Fund policies to address the disposition of dormant accounts, comply with the NJ Uniform Unclaimed Property Act, and improve tracking of student payments.

**District Response**

The Business Office, in conjunction with the High School Principal and Athletic Director, will revise purchasing procedures to utilize the district's standard purchasing procedures, which include entering a requisition and processing of a Purchase Order where appropriate.

The district does encourage the use of checks or electronic payment to collect student payments when possible. As with many school districts, student payments are oftentimes remitted in cash. The district will reinforce with staff who collect student payments that funds must be deposited within forty-eight (48) hours of receipt, and those payments must be supported with appropriate documentation.

Student Activities Fund policies will be reviewed and revised to develop procedures for disposition of dormant accounts, improve tracking of student payments, and comply with the NJ Uniform Unclaimed Property Act.

**Contingency Planning – Recommendation**

Recommend the district develop a contingency plan for its Information Technology ("IT") systems.

**District Response**

The district has developed a contingency plan for its IT systems and expects to have it implemented by October 31, 2025.

**Use of School Facilities - Recommendation**

Recommend the district clarify its policy and procedures regarding when fees will be waived for the use of school facilities. Also recommend the district strengthen its controls over the use of school facilities process to ensure compliance with its policy and procedures.

**District Response**

The district will be implementing new software to streamline the application for use of school facilities and additionally, has revised existing policy and procedures as of May 6, 2025. Any future revisions to the board policy will be presented to the Board of Education for approval.

Respectfully submitted,



Pasquale Yacovelli  
School Business Administrator/Board Secretary

CC: Dr. Celeste Merriweather, Superintendent of Schools  
Members of the Board of Education