Auditor's Management Report

for the

City of Linden School District

in the

County of Union
New Jersey

for the

Fiscal Year Ended
June 30, 2025

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
City of Linden School District
Linden, New Jersey 07036

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the City of Linden School District in the County of Union for the year ended June 30, 2025, and have issued our report dated December 4, 2025.

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

This report is intended solely for the information of the City of Linden School District, County of Union, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

Warren M. Kang
PUBLIC SCHOOL ACCOUNTANT NO. 962

December 4, 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 the activities of the City of Linden - Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the District's Annual Comprehensive Financial Report (ACFR).

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

Name	Position	Amount of Bonds
John A Serapiglia, Jr.	Business Administrator/Board Secretary	$625,000.00
Atiya Perkins	Superintendent	$633,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with coverage of $1,000,000.00.

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.

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 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 tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

Financial Planning, Accounting and Reporting (Continued)

Payroll Accounts (Continued)

Salary withholdings were promptly remitted to the proper agencies including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board with a warrant made to her order for the full amount of each payroll.

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 randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

Board Secretary's Records

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

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

Elementary and Secondary Education Act (E.S.E.A.) as Amended by 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 Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on 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 reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No Exceptions were noted.

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement. 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.

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.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 or Fixed Price 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 SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

In addition, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

School Food Service (Continued)

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.

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.

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 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 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 had written procedures for the recording of student enrollment.

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 minor 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. 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.

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

Testing for Lead of 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 assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Follow-Up Prior Year's Findings

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

CITY OF LINDEN 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.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	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Pre-School - 3yr	40		40				2		2							
Full Day Pre-School - 4yr	247		247				12		12							
Full Day Kindergarten	403		403				20		20							
One	387		387				18		18							
Two	401		401				20		20							
Three	409		409				20		20							
Four	368		368				18		18							
Five	354		354				17		17							
Six	417		417				21		21							
Seven	405		405				20		20							
Eight	395		395				19		19							
Nine	418		418				20		20							
Ten	402	2	402	2			20	2	20	2						
Eleven	427	8	427	8			20	7	20	7						
Twelve	374	4	374	4			19	4	19	4						
Subtotal	5,447	14	5,447	14			266	13	266	13						
SpEd Elementary (PK-5)	476		476				23		23				17	13	13	
SpEd Middle School (6-8)	204		204				10		10				9	7	7	
SpEd High School	271	25	271	25			13	21	13	21			40	30	30	
Subtotal	951	25	951	25			46	21	46	21			66	50	50	
Totals	6,398	39	6,398	39			312	34	312	34			66	50	50	
Percentage					0%						0%					0%

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

	Resident Low Income			Sample for Verification			Resident 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 ELL Low Income	Reported on Workpapers as ELL Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	289	289		20	20		145	145		39	39	
One	270	270		19	19		84	84		21	21	
Two	293	293		20	20		92	92		25	25	
Three	305	305		21	21		96	96		27	27	
Four	271	271		20	20		65	65		15	15	
Five	250	250		17	17		61	61		16	16	
Six	296	296		20	20		54	54		15	15	
Seven	288	288		21	21		46	46		11	11	
Eight	279	279		20	20		45	45		12	12	
Nine	292	292		20	20		56	56		13	13	
Ten	274	274		18	18		55	55		11	11	
Eleven	290	290		21	21		59	59		15	15	
Twelve	234	234		16	16		32	32		8	8	
Subtotal	3631	3631		253	253		890	890		228	228	
SpEd Elementary	360	360		25	25		80	80		23	23	
SpEd Middle School	152	152		12	12		9	9		2	2	
SpEd High School	200	200		13	13		4	4		1	1	
Subtotal	712	712		50	50		93	93		26	26	
Totals	4343	4343		303	303		983	983		254	254	
Percentage Error			0%			0%			0%			0%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg.Public Schools, col.1	785	785		145	145	
Transported - Non-Public, col.2						
Nonpublic - AIL, col.3	291	291		54	54	
Reg. - SpEd, col.4						
Special Ed Spec, col.6	355	355		65	65	
Totals	1431	1431		264	264	
Percentage Error						

CITY OF LINDEN 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		
	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	32	32		21	21	
One	14	14		8	8	
Two	13	13		8	8	
Three	7	7		4	4	
Four	13	13		9	9	
Five	5	5		3	3	
Six	14	14		9	9	
Seven	10	10		7	7	
Eight	6	6		3	3	
Nine	13	13		8	8	
Ten	12	12		7	7	
Eleven	12	12		7	7	
Twelve	16	16		10	10	
Subtotal	167	167		104	104	
SpEd Elementary	14	14		8	8	
SpEd Middle School	1	1		1	1	
SpEd High School	1	1				
Subtotal	16	16		9	9	
Totals	183	183	0%	113	113	0%
Percentage Error						

LINDEN SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION 1

2% Calculation of Excess Surplus

2024 - 2025 Total General Fund Expenditures per the ACFR, Ex. C-1	$ 190,153,818.63	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund		
Transfer from General Fund to SRF for PreK	333,438.00	
Decreased by:		
On-Behalf TPAF Pension & Social Security	$ 29,955,455.37	
Adjusted 2024 - 2025 General Fund Expenditures		$ 160,531,801.26
2% of Adjusted 2024 - 2025 General Fund Expenditures		$ 3,210,636.03
Greater of line above or $250,000.00		$ 3,210,636.03
Increased by: Allowable Adjustment		$ 1,268,611.00
Maximum Unreserved/Undesignated Fund Balance		$ 4,479,247.03

SECTION 2

Total General Fund - Fund Balances @ 06/30/2025	$ 84,634,054.48	
Decreased by:		
Year-end Encumbrances	$ 9,039,416.98	
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	$ 4,219,515.00	
Other Resticted Fund Balances:		
Emergency Reserve	$ 999,715.14	
Maintenance Reserve	$ 3,001,026.27	
Capital Reserve	$ 56,710,292.31	
Reserve for Unemployment Claims	$ 244,127.65	
Assigned - FFCRA/SEMI - Designated Subs Yrs Exp	$ 48,101.29	
Total Unassigned Fund Balance		$ 10,371,859.84

SECTION 3

Restricted Fund Balance-Excess Surplus	$ 5,892,612.81

Recapitulation of excess surplus as of June 30, 2025

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	$ 4,219,515.00
Reserved Excess Surplus	$ 5,892,612.81
Total Excess Surplus	$ 10,112,127.81

Detail of Allowable Adjustments

Extraordinary Aid	$ 1,132,714.00
Additional Non-Public School Transportation Aid	135,897.00
	$ 1,268,611.00

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

Testing for Lead of Drinking Water in Educational Facilities

None

Prior Year Audit Findings

None