

CITY OF LINWOOD
SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2025

CITY OF LINWOOD SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
City of Linwood School District
County of Atlantic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Linwood School District in the County of Atlantic for the year ended June 30, 2025, and have issued our report thereon dated November 14, 2025.

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

This report is intended for the information of the City of Linwood School District Board of Education's management and the New Jersey Department of Education and is not intended and should not be used by anyone other than these parties.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Michael S. Garcia

**Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080**

November 14, 2025

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Education, and 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 Exhibit J-20, Insurance Schedule contained in the district's ACFR.

Official Bonds

Patricia Swanson	Business Administrator	\$100,000
Kelly A. Batz	Treasurer	\$200,000

There is a Public Employees Blanket Dishonesty Bond during the period under review with the School Alliance Insurance Fund for \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. No exceptions were noted.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review found no discrepancies with respect to certification and supporting documentation.

Payroll Account and Position Control Roster

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

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

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

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal (or state) regulations regarding the compensation which is required to be reported.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.00% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

- A. General Classification Findings – NONE
- B. Administrative Classification Findings – NONE

Board Secretary's Records

The Board Secretary's Records were in satisfactory condition.

Acknowledgement of the Board's receipt of the Board Secretary's and the Treasurer's monthly financial reports were included in the minutes. Bids received were summarized in the minutes.

Budget appropriations were not greater than realized revenues and Board authorized use of surplus.

No budgetary line accounts were over-expended during the fiscal year and at June 30.

Treasurer's Records

The Board Treasurer's Records were in satisfactory condition.

All required reconciliation's were performed and all cash receipts were promptly deposited.

The Treasurers Records were in agreement with the Board Secretary's records.

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. 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

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

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

No areas of noncompliance and/or questionable costs were noted in the study of compliance for E.S.E.A.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on the Schedule A and Schedule B in the ACFR.

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

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

The study of compliance for Other Special Federal and State Projects revealed no areas of noncompliance and/or questionable costs.

TPAF Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$22,400.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the 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.

Based on the results of my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision 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-5.

Before and After School Program

The financial transactions and statistical records of the Before and After School Program were maintained in satisfactory condition. The financial accounts and applications were reviewed and found to be adequate.

Student Body Activities and Other Programs

During our review of the student activity fund, no exceptions were noted.

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 without exception. The information that was included on the workpapers was verified. 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.

Facilities and Capital Assets

Our audit procedures of facilities and capital assets found no exceptions.

Testing for Lead of All Drinking Water In Educational Facilities

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing of lead of all drinking in educational facilities.

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

Follow-Up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. There were no findings in the prior year.

We have also reviewed any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). Not applicable, as there were no prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

Ford, Scott & Associates, LLC
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 14, 2025

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

	2025-2026 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Reported on		Verified per		Errors per		Reported on	Sample	A.S.A. as	Private
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	for	Sample	Sample
	A.S.A. On Roll	Workpapers On Roll	Workpapers On Roll	Workpapers On Roll	Full	Shared	Selected from Workpapers	Selected from Workpapers	Registers On Roll	Registers On Roll	Registers On Roll	Registers On Roll	Private Schools	Verifi- cation	Sample Verified	Sample Errors
Half Day Preschool - 3YR					-	-					-	-				-
Half Day Preschool - 4YR					-	-	-	-			-	-				-
Full Day Preschool - 3YR	9.00	9.00			-	-	3.00	3.00	3.00		-	-				-
Full Day Preschool - 4YR	22.00	22.00			-	-	6.00	6.00	6.00		-	-				-
Half Day Kindergarten					-	-					-	-				-
Full Day Kindergarten	57.00	57.00			-	-	17.00	17.00	17.00		-	-				-
One	73.00	73.00			-	-	21.00	21.00	21.00		-	-				-
Two	76.00	76.00			-	-	22.00	22.00	22.00		-	-				-
Three	73.00	73.00			-	-	21.00	21.00	21.00		-	-				-
Four	83.00	83.00			-	-	25.00	25.00	25.00		-	-				-
Five	65.00	65.00			-	-	19.00	19.00	19.00		-	-				-
Six	87.00	87.00			-	-	26.00	26.00	26.00		-	-				-
Seven	81.00	81.00			-	-	24.00	24.00	24.00		-	-				-
Eight	80.00	80.00			-	-	23.00	23.00	23.00		-	-				-
Nine					-	-					-	-				-
Ten					-	-					-	-				-
Eleven					-	-					-	-				-
Twelve					-	-					-	-				-
Post-Graduate					-	-					-	-				-
Adult H.S. (15+CR.)					-	-					-	-				-
Adult H.S. (1-14 CR.)					-	-					-	-				-
Subtotal	706.00	-	706.00	-	-	-	206.00	-	207.00	-	-	-	-	-	-	-
Sp Ed - Elementary	61.00		61.00		-	-	18.00		18.00		-	-				-
Sp Ed - Middle	24.00		24.00		-	-	7.00		7.00		-	-				-
Sp Ed - High					-	-					-	-				-
Subtotal	85.00	-	85.00	-	-	-	25.00	-	25.00	-	-	-	-	-	-	-
Totals	791.00	-	791.00	-	-	-	232.00	-	232.00	-	-	-	-	-	-	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

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

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score, Register, & Application	Sample Errors
Half Day Preschool - 3YR			-			-			-			-
Half Day Preschool - 4YR			-			-			-			-
Full Day Preschool - 3YR			-			-			-			-
Full Day Preschool - 4YR			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten			-			-			-			-
One	7.00	7.00	-	5.00	5.00	-	1.00	1.00	-	1.00	1.00	-
Two	7.00	7.00	-	5.00	5.00	-	1.00	1.00	-	1.00	1.00	-
Three	3.00	3.00	-	2.00	2.00	-			-	-		-
Four	8.00	8.00	-	6.00	6.00	-			-	-		-
Five	9.00	9.00	-	7.00	7.00	-			-			-
Six	7.00	7.00	-	5.00	5.00	-			-	-		-
Seven	12.00	12.00	-	9.00	9.00	-	1.00	1.00	-	1.00	1.00	-
Eight	4.00	4.00	-	3.00	3.00	-			-	-		-
Nine	6.00	6.00	-	5.00	5.00	-			-	-		-
Ten			-			-			-			-
Eleven			-			-			-			-
Twelve			-			-			-			-
Subtotal	63.00	63.00	-	47.00	47.00	-	3.00	3.00	-	3.00	3.00	-
Sp Ed - Elementary	15.00	15.00	-	12.00	12.00	-	1.00	1.00	-	1.00	1.00	-
Sp Ed - Middle	4.00	4.00	-	3.00	3.00	-			-	-		-
Sp Ed - High			-			-			-			-
Subtotal	19.00	19.00	-	15.00	15.00	-	1.00	1.00	-	1.00	1.00	-
Totals	82.00	82.00	-	62.00	62.00	-	4.00	4.00	-	4.00	4.00	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	43	43	-	33	33	0
Reg - Sp Ed, col. 4	8	8	-	6	6	(0)
Transported - Non-Public, col. 3	34	34	-	26	26	0
AIL Non-Public Schools	3	3	-	2	2	(0)
Special Ed Spec, col. 6	4	4	-	3	3	(0)
Totals	92	92	-	70	70	0
Percentage Error						0.00

	Reported	Recalculated
Reg Avg. (Mileage) = Regular Including Grade PK Students (Part A)	3.2	3.2
Reg Avg. (Mileage) = Regular Excluding Grade PK Students (Part B)	3.2	3.2
Spec Avg. = Special Ed with Special Needs	6.1	6.1

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

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on	Reported on	Errors	Sample	Verified to	Sample
	A.S.S.A as	Workpapers		Selected from	Test Score	Errors
	LEP Not Low	LEP Not Low		Workpapers	and Register	
	Income	Income				
Half Day Preschool - 3YR			-			-
Half Day Preschool - 4YR			-			-
Full Day Preschool - 3YR			-			-
Full Day Preschool - 4YR			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	2.00	2.00	-	1.00	1.00	-
One	1.00	1.00	-	1.00	1.00	-
Two			-	-		-
Three	1.00	1.00	-	1.00	1.00	-
Four			-	-		-
Five			-	-		-
Six	1.00	1.00	-	1.00	1.00	-
Seven	1.00	1.00	-	1.00	1.00	-
Eight			-	-		-
Nine			-			-
Ten			-			-
Eleven			-			-
Twelve			-			-
Subtotal	6.00	6.00	-	5.00	5.00	-
Sp Ed - Elementary	-	-	-	-		-
Sp Ed - Middle	-	-	-	-		-
Sp Ed - High			-			-
Subtotal	-	-	-	-	-	-
Totals	6.00	6.00	-	5.00	5.00	-
Percentage Error			0.00%			0.00%

**CITY OF LINWOOD SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 18,839,731.00	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ 334,920.00	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ -	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ 239,843.00	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ -	(B1d)
Decreased By:		
On-Behalf TPAF Pension & Social Security	\$ 3,772,078.00	(B2a)
Assets Acquired Under Capital Leases	-	(B2b)
Adjusted 2024-25 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 15,642,416.00</u>	(B3)
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	\$ 312,848.32	(B4)
Enter Greater of (B4) or \$250,000	\$ 312,848.32	(B5)
Increased by: Allowable Adjustment*	<u>\$ 149,531.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$ 462,379.32 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 06/30/2025 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 4,248,060.00	(C)
Decreased by:		
Year-end Encumbrances	\$ 14,922.00	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 530,322.00	(C3)
Other Restricted Fund Balances ****	\$ 2,428,394.00	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 139,707.00</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 1,134,715.00 (U1)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0 -	<u>\$ 672,335.68</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2025:

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 530,322.00	(C3)
Reserved Excess Surplus ***	<u>\$ 672,335.68</u>	(E)
Total [(C3) + (E)]	<u><u>\$ 1,202,657.68</u></u>	(D)

**CITY OF LINWOOD SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

- * This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 132,490.00 (J1)
Additional Nonpublic School Transportation Aid	\$ 17,041.00 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ (J3)
Family Crisis Transportation Aid	\$ (J4)
Supplemental Stabilization Aid received & Maintenance of Equity Aid received	\$ (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ 149,531.00 (K)

- ** This amount represents the June 30, 2025 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

- *** Amounts must agree to the June 30, 2025 ACFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ 1,082,728.00
Maintenance reserve	\$ 1,345,666.00
Emergency reserve	\$ -
Tuition reserve	\$ -
School Bus Advertising 50% Fuel Offset Reserve – current year	\$ -
School Bus Advertising 50% Fuel Offset Reserve –prior year	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ -
Other state/government mandated reserve	\$ -
Reserve for Unemployment Fund	\$ -
[Other Restricted Fund Balance not noted above] ****	\$ -
Total Other Restricted Fund Balance	\$ 2,428,394.00 (C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2025
CITY OF LINWOOD SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures
NONE
2. Financial Planning, Accounting and Reporting
NONE
3. School Purchasing Programs
NONE
4. School Food Service
NONE
5. Student Body Activities
NONE
6. Application for State School Aid
NONE
7. Pupil Transportation
NONE
8. Facilities and Capital Assets
NONE
9. Miscellaneous
NONE
10. Status of Prior Year Audit Findings/Recommendations
NONE