Auditor's Management Report

for the

Township of Warren School District

in the

County of Somerset
New Jersey

for the

Fiscal Year Ended
June 30, 2025

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

TABLE OF CONTENTS

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Warren School District
County of Somerset
Warren, New Jersey 07059

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of Warren School District in the County of Somerset for the year ended June 30, 2025, and have issued our report dated December 18, 2025.

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

This report is intended solely for the information of the Township of Warren School District, County of Somerset, 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. However, this report is a matter of public record and its distribution is not limited.

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

December 18, 2025

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Township of Warren School District, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

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

Insurance coverage was carried in the amounts detailed in the District's A.C.F.R. (See Exhibit "J-20").

Official Bonds

NAME	POSITION	AMOUNT OF BONDS
Christopher Heagele	Board Secretary/Business Administrator	$105,000.00
Patricia Wilson	Treasurer of School Monies	$330,000.00

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

Health Benefits-Chapter 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 the 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

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

Payroll Account

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

Payroll Account (Continued)

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

Salary withholdings were promptly remitted to the proper agencies.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his 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, Liability (Current) for Accounts Payable

A review of outstanding purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Classification of Expenditures

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

Board Secretary's Records

The records maintained by the Board Secretary were in satisfactory condition and appropriate balances matched to those prepared by the Treasurer of School Monies.

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and independently maintained from the Board Secretary/Board Administrator.

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 A.C.F.R.. This section of the A.C.F.R. documents the financial position pertaining to projects under Title I, II, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the A.C.F.R.. 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 A.C.F.R.. This section of the A.C.F.R. documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

Our audit procedures also included a test of the reimbursement of the employer share of pensions, group life insurance, FICA and other benefits of the Teacher's Pension and Annuity Fund for TPAF members carrying out and paid from federally funded programs in accordance with N.J.S.A. 18A:66-90. The District filled out the required form and submitted it for audit. Our test included verification of eligible employees to be included. No reimbursement was due for the fiscal year 2025. 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 $44,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to $44,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest $1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) became $44,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently $22,400.00.

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

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies; the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the School Board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

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

SCHOOL FOOD SERVICE FUND

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 as to whether the (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions noted.

We also inquired of school management as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions noted.

The statement of revenues, expenses and charges in fund net position (ACFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold. 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 PPPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. No exceptions noted.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis.
Cash receipts and bank records were reviewed for timely deposit. Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Time sheets were reviewed, and labor costs verified. Payroll records were maintained without exception.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Net cash resources did not exceed three months average expenditures.

STUDENT BODY ACTIVITIES

The District maintains a General Activity Account 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 that was included on the workpapers was verified with nominal exceptions.

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

PUPIL TRANSPORTATION

Our audit procedures included a test of on-roll status reported in the 2024-25 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

FACILITIES AND CAPITAL ASSETS

Our procedures included review of transfers of local funds from the general fund or from the capital reserve account, awarding of contracts for eligible facilities construction, and the District's capital assets ledger. No exceptions noted.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

Our procedures included examination and interviews regarding the district's compliance with N.J.A.C. 26-1.2 and 12.4 relating to the testing for lead in drinking water. The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g). No exceptions were noted.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. All prior findings have been resolved.

TOWNSHIP OF WARREN 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 PreK 3 yrs	23		23		0		4		4		0					
Full Day PreK 4 yrs	36		36		0		6		6		0					
Full Day Kindergarten	128		128		0		21		21		0					
One	130		130		0		21		21		0					
Two	151		151		0		24		24		0					
Three	157		157		0		26		26		0					
Four	158		158		0		26		26		0					
Five	142		142		0		23		23		0					
Six	161		161		0		27		27		0					
Seven	143		143		0		24		24		0					
Eight	159		159		0		26		26		0					
Subtotal	1,388	0	1,388	0	0	0	228	0	228	0	0	0	0	0	0	0
SpEd Elementary	190		190		0		31		31		0		6	5	5	0
SpEd Middle School	81		81		0		13		13		0		3	3	3	0
SpEd High School					0						0					0
Subtotal	271	0	271	0	0	0	44	0	44	0	0	0	9	8	8	0
Totals	1,659	0	1,659	0	0	0	272	0	272	0	0	0	9	8	8	0
Percentage					0.00%						0.00%					0.00%

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

	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 as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool 3 yrs	1	1	0	1	1	0			0			0
Full Day Preschool 4 yrs	2	2	0	1	1	0			0			0
Full Day Kindergarten	17	17	0	10	10	0	4	4	0	4	4	0
One	6	6	0	4	4	0	2	2	0	1	1	0
Two	16	16	0	10	10	0	7	7	0	6	6	0
Three	16	16	0	10	10	0	3	3	0	2	2	0
Four	12	12	0	7	7	0	2	2	0	2	2	0
Five	8	8	0	5	5	0	1	1	0	1	1	0
Six	14	14	0	9	9	0	1	1	0	1	1	0
Seven	10	10	0	6	6	0	3	3	0	3	3	0
Eight	13	13	0	8	8	0	1	1	0	1	1	0
Subtotal	115	115	0	71	71	0	24	24	0	21	21	0
SpEd Elementary	32	32	0	20	20	0	3	3	0	2	2	0
SpEd Middle School	8	8	0	5	5	0			0			0
SpEd High School			0			0			0			0
Subtotal	40	40	0	25	25	0	3	3	0	2	2	0
Totals	155	155	0	96	96	0	27	27	0	23	23	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg.Public Schools,col.1	521	521	0	197	197	0
Transported - Non-Public, Col.2	0	0	0	0	0	0
Non-Public AIL, col.3	147	147	0	100	98	2
Reg. - SpEd, Col.4	62	62	0	47	47	0
Special Ed Spec, col.6	113	113	0	79	76	3
Totals	843	843	0	423	418	5
Percentage Error			0.00%			1.18%

TOWNSHIP OF WARREN SCHOOL DISTRICT
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 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 Preschool 3 yrs			0			0
Half Day Preschool 4 yrs			0			0
Full Day Kindergarten	5	5	0	4	4	0
One	7	7	0	6	6	0
Two	8	8	0	7	7	0
Three	3	3	0	3	3	0
Four	3	3	0	3	3	0
Five			0			0
Six			0			0
Seven	1	1	0	1	1	0
Eight			0			0
Subtotal	27	27	0	24	24	0
SpEd Elementary	3	3	0	2	2	0
SpEd Middle School			0			0
SpEd High School			0			0
Subtotal	3	3	0	2	2	0
Totals	30	30	0	26	26	0
Percentage Error			0.00%			0.00%

TOWNSHIP OF WARREN SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION 1

2% Calculation of Excess Surplus (2024-25 expenditures of $100 million or less)

2024 - 2025 Total General Fund Expenditures	62,559,168.44	
Decreased by:		
On-Behalf TPAF Pension & Social Security	11,721,152.02	
Adjusted 2024 - 2025 General Fund Expenditures		50,838,016.42
2% of Adjusted 2024 - 2025 General Fund Expenditures		1,016,760.33
Greater of line above or $250,000.00		1,016,760.33
Increased by: Allowable Adjustment		747,269.00
Maximum Unreserved/Undesignated Fund Balance		1,764,029.33

SECTION 2

Total General Fund Balances @ 6-30-25	12,365,444.30	
Decreased by:		
Year End Encumbrances	328,771.76	
Legally Restricted-Excess Surplus-Designated For Subsequent Year's Expenditures	586,000.00	
Other Restricted Fund Balances (Capital Reserve, Maintenance Reserve, Emergency Reserve, Unemployment)	9,099,643.21	
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation		2,351,029.33

SECTION 3

Restricted Fund Balance-Excess Surplus	587,000.00

Recapitulation of excess surplus as of June 30, 2025

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	586,000.00
Restricted Excess Surplus	587,000.00
Total	1,173,000.00

Detail of Allowable Adjustments

Additional/Unbudgeted Extraordinary Aid	678,620.00
Additional/Unbudgeted Non-Public School Transportation Aid	68,649.00
	747,269.00

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

It is recommended that:

1. Administrative Practices and Procedures

   None

2. Financial Planning, Accounting and Reporting

   None

3. School Purchasing Program

   None

4. School Food Service

   None

5. Student Body Activities

   None

6. Application for State School Aid

   None

7. Pupil Transportation

   None

8. Facilities and Capital Assets

   None

9. Miscellaneous

   None

10. Status of Prior Year's Findings/Recommendations

    None