

**KEARNY BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2024**

**KEARNY BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Trustees  
Kearny Board of Education  
172 Midland Avenue  
Kearny, New Jersey 07032

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 Kearny Board of Education as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated October 7, 2024.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
October 7, 2024

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Scope of Audit**

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer of School Moneys, the activities of the 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 contained in the District's Annual Comprehensive Financial Report (the "ACFR").

**Official Bonds** (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Juan Faciolince	School Business Administrator/ Board Secretary	\$565,000
Marie Criscuolo	Treasurer of School Monies	\$565,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance covering all other employees with multiple coverage of \$500,000.

**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 submitted the Chapter 44 data in a timely manner.

**Financial Planning Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review indicated that the required signatures, certifications and supporting documentation were obtained on the respective purchase orders and/or vouchers.

**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 payroll taxes were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholdings due to the General Fund. The School Business Administrator completed and filed the required Certification of Compliance with Federal and Stat Law respecting and reporting of compensation for certain employees.

The Board has implemented and maintains a personnel tracking and accounting (position control) system.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Financial Planning Accounting and Reporting (Continued)**

Year-End 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: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, no additional testing was deemed necessary to test the propriety of expenditure classifications.

Travel Policy

The District has an approved Board travel policy as required by NJAC 6A:23A-6.13 and NJSA 18A:11-12.

Board Secretary's and Treasurer's Records

The financial records and books of account are maintained by the School Business Administrator.

Acknowledgment of the Board's receipt of the monthly financial reports was included in the official minutes of the Board.

The prescribed contractual order system was followed.

The Treasurer and Board Secretary's records are in agreement with each other.

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 projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and re-authorized.

Our examination indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the ACFR.

Our audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Nonpublic project completion reports were finalized and transmitted to the State by the due date.

The School District's accounting records for Preschool Education Aid were maintained in accordance with N.J.A.C. 6:23-5.5(c) which states that the District must maintain separate program school accounts in the Special Revenue Fund section of the District's budget.

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.

In April 2024, the District underwent a collaborative monitoring review by the State of New Jersey Department of Education. The monitoring report covered Title I Part A, Title I SIA, Title II Part A, Title III, Title III Immigrant, Title IV Part A, IDEA Basic and Preschool, ARP ESSER (including all subgrants) and Perkins V. The review period covered July 1, 2023 through March 28, 2024. The report noted programmatic findings for Title I Part A and Title III Part A and noted no fiscal findings for any of the above listed programs. The report also noted two administrative findings. The District is required to prepare and approve a corrective action report to address any findings. The corrective action plan was approved by the District in August 2024.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Financial Planning Accounting and Reporting (Continued)**

**T.P.A.F. Reimbursements**

Our audit procedures included a test of the semi-monthly 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.

The amount of the expenditures charged to the current year's final reports for all Federal awards for the 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 sixty 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 (as amended) 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 \$20,200. The School Business Administrator was appointed as the District's Qualified Purchasing Agent in May 2024, thereby, increasing the threshold to \$44,000.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney'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.

Based on the results of our examination, we did note that individual payments, contracts, or agreements made for the performance of any work or goods or services were 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: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 purchases were made through the use of State contracts.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**School Food Service**

School Food Authorities (“SFA”) 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 SFA’s 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.

SFA’s 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 free and reduced price meal eligible students during the emergency.

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management and school food service personnel as to whether there were any Child Nutrition Program reimbursement overclaims or underclaims. There were 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. There were no exceptions noted.

The financial transactions and statistical records of the school food service fund were reviewed.

The Food Service management company did provide the USDA mandated Non-Program Food Revenue Tool.

Food Distribution Program commodities were received and a single inventory was maintained on first-in, first-out basis. Exhibits reflecting Child Nutrition Program operations are included in the ACFR on Exhibits B-4, B-5 and B-6.

The Statement of Revenues, Expenses and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and cost of goods sold.

**Student Activity Funds/Athletic Association**

The Board has a policy, which establishes the regulation of student activity funds.

Cash receipt and disbursement records were maintained for student activity and athletic accounts.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2023 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, bilingual and low income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information that was included on the application was verified with immaterial exceptions noted. The results are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed State forms or their equivalent. The district written procedures appear to be adequate for the recording of student enrollment data.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2023-2024 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Facilities and Capital Assets**

Our audit procedures included a review of the District's capital asset accounting system.

**Finding 2024-001** – Our audit noted that the District's capital asset report prepaid by the independent appraiser, did not include certain vehicles and equipment purchased by the District. In addition, it was noted that several capital items were charged to supplies and materials budget account and not to equipment accounts.

**Recommendation** – The independent appraisal report of the District's capital assets, be reconciled with internal accounting records. Furthermore, procedures be implemented to ensure capital purchases are charged to the proper budget accounts.

**Miscellaneous**

The School District complied with continuing disclosure agreements made in relation to the District's outstanding bond issuances.

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 relating to the testing for lead of all drinking water in educational facilities. The annual Statement of Assurance was submitted to the Department of Education pursuant to N.J.A.C. 6A:26-12.4(g).

**Suggestions to Management**

- Consideration be given to consolidate the various scholarship bank accounts.
- A formal policy for the use of store cards be developed and adopted by the Board.



**KEARNY BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
NUMBER OF MEALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOT APPLICABLE**

**KEARNY BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOT APPLICABLE**

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2023  
SCHEDULE OF AUDITED ENROLLMENTS**

	2024-2025 Application for State School Aid						Sample for Verification						On Roll - Special Education			Private Schools for Disabled				
	Reported on A.S.S.A.		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Sample for Veri-	Sample Verified	Sample Errors	Reported on A.S.S.A. as Private Schools	Sample for Verifi-	Sample Verified	Sample Errors	
	On Roll		On Roll										cation							
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared								
Full Day Preschool 3 Years Old	44		44					21		21										
Full Day Preschool 4 Years Old	215		215					106		106										
Full Day Kindergarten	306		304		2			52		52										
Grade 1	316		316					57		57										
Grade 2	284		284					52		52										
Grade 3	225		225					32		32										
Grade 4	281		281					90		90										
Grade 5	279		279					32		32										
Grade 6	309		309					56		56										
Grade 7	301		301					301		301										
Grade 8	291		291					291		291										
Grade 9	392		392					392		392										
Grade 10	397		397					397		397										
Grade 11	344		344					344		344										
Grade 12	366		366					366		366										
Subtotal	4,350	-	4,348	-	2	-	2,589	-	2,589	-	-	-	-	-	-		-	-	-	
Sp Ed - Elementary	476		478		(2)		61		61				32	32		11	4	4		
Sp Ed - Middle School	196		197		(1)		130		130				15	15		11	3	3		
Sp Ed - High School	313		313		-		313		313				21	21		27	9	9		
Subtotal	985	-	988	-	(3)	-	504	-	504	-	-	-	68	68	-	49	16	16	-	
Juvenile Community Ctr					-						-									
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	
Totals	5,335	-	5,336	-	(1)	-	3,093	-	3,093	-	-	-	68	68	-	49	16	16	-	
Percentage Error					-0.02%						-	-			-				-	

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2023  
SCHEDULE OF AUDITED ENROLLMENTS**

	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
Full Day Kindergarten	237	237		4	4	
Grade 1	248	248		4	4	
Grade 2	219	219		4	4	
Grade 3	183	183		4	4	
Grade 4	229	229		4	4	
Grade 5	212	212		5	5	
Grade 6	236	236		5	5	
Grade 7	246	246		5	5	
Grade 8	239	239		4	4	
Grade 9	244	244		5	4	1
Grade 10	238	238		4	4	
Grade 11	215	215		5	5	
Grade 12	218	218		4	4	
Subtotal	2,964	2,964	-	57	56	1
Sp Ed - Elementary	376	375	1	7	7	
Sp Ed - Middle School	169	170	(1)	3	3	
Sp Ed - High School	198	198		4	4	
Subtotal	743	743		14	14	
Juvenile Community Ctr	1	1				
Subtotal	1	1	-	-	-	-
Totals	3,708	3,708	-	71	70	1
Percentage Error			-			1.41%

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors			
Regular - Special Ed	37	37		9	9	
Special Needs	193	193		44	43	1
	230	230	-	53	52	1
Percentage Error			-			1.89%

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Application and Register	Errors
	61	61		5	5	
	78	78		6	5	1
	77	77		6	6	
	51	51		6	6	
	69	69		5	5	
	45	45		4	4	
	50	50		3	3	
	37	37		4	4	
	53	53		3	3	
	58	58		5	5	
	46	46		5	5	
	50	50		4	4	
	32	32		3	3	
	707	707		59	58	1
	37	37		3	3	
	10	10		1	1	
	2	2		1	1	
	49	49		5	5	-
	756	756	-	64	63	1
			-			1.56%

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2023  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Sample Verified to Register	Errors
Full Day Kindergarten	14	14		5	5	
Grade 1	17	17		5	5	
Grade 2	11	11		3	3	
Grade 3	11	11		6	6	
Grade 4	14	14		1	1	
Grade 5	7	7		3	3	
Grade 6	9	9		3	3	
Grade 7	13	13		2	2	
Grade 8	8	8		4	4	
Grade 9	17	17		5	5	
Grade 10	14	14		7	7	
Grade 11	11	11		7	7	
Grade 12	9	9		3	3	
Subtotal	155	155	-	54	54	-
Sp Ed - Elementary	7	7		3	3	
Sp Ed - Middle School	1	1		1	1	
Sp Ed - High School	1	1		-		
Subtotal	9	9	-	4	4	-
Juvenile Community Ctr						
Juvenile Detention Ctr						
Subtotal						
Totals	164	164	-	58	58	-
Percentage Error			-			-

**KEARNY BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

2023-2024 Total General Fund Expenditures	\$ 141,907,548
Increased by:	
Transfer to Food Service Fund	32,375
Transfer to Special Revenue Fund	<u>984,080</u>
	142,924,003
Decreased by:	
Capital Financing Agreement	
IT Subscription Arrangements	293,500
On-Behalf TPAF Pension & Social Security	<u>25,873,509</u>
	<u>26,167,009</u>
Adjusted 2023-2024 General Fund Expenditures	<u>\$ 116,756,994</u>
2% of Adjusted 2023-2024 General Fund Expenditures	\$ 2,335,140
Allowable Adjustments -	
Extraordinary Aid	<u>531,836</u>
Maximum Unassigned Fund Balance	<u>\$ 2,866,976</u>
Total General Fund - Fund Balance at June 30, 2024	\$ 47,583,379
Decreased by:	
Year End Encumbrances	4,057,765
Other Restricted Fund Balances - Capital Reserve	35,407,625
Other Restricted Fund Balances - Maintenance Reserve	4,160,408
Other Restricted Fund Balances - Adult Education Programs	73,277
Other Restricted Fund Balances - Unemployment Compensation Reserve	942,576
Designated for Subsequent Year's Budget	<u>74,752</u>
Total Unassigned Fund Balance	<u>\$ 2,866,976</u>
Amount Below Maximum Unassigned Fund Balance	<u>\$ (0)</u>

**KEARNY BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

There are none.

**III. School Purchasing Program**

There are none.

**IV. School Food Service**

There are none.

**V. Student Body Activities**

There are none.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

- \* 1. It is recommended that the independent appraisal report of the District's capital assets, be reconciled with internal accounting records. Furthermore, procedures be implemented to ensure capital purchases are charged to proper budget accounts.

**IX. Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken on all, except for the above recommendation denoted with an asterisk (\*).