BOROUGH OF DEMAREST SCHOOL DISTRICT
COUNTY OF BERGEN
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2025

BOROUGH OF DEMAREST SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2025
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October 1, 2025

The Honorable President and Members
of the Board of Education
Borough of Demarest School District
County of Bergen, 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 financial statements of the Board of Education of the Borough of Demarest School District in the County of Bergen for the fiscal year ended June 30, 2025, and have issued our report thereon dated October 1, 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 letter does not affect our report dated October 1, 2025, on the financial statements of the Board.

We will review the status of the comments, during our next audit engagement. We have already discussed these comments and suggestions, with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations, if any.

This report is intended for the *information* of the Borough of Demarest School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

Andrew Kucinski
Certified Public Accountant
Licensed Public School Accountant #2684

BOROUGH OF DEMAREST SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2025

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, 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

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's ACFR.

Officials in Office and Surety Bonds

Name	Position	Coverage
Phil Nisonoff	Treasurer	$ 300,000
Antoinette Kelly	Business Administrator/Board Secretary	300,000

The District also has Employee Dishonesty and Faithful Performance coverage through the Selective Insurance Company as detailed on Exhibit J-20 of the ACFR.

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 the District.

The District’s data certification was completed by the Superintendent and the data was submitted timely.

The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C.6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

The net salaries of 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.

All payrolls tested were approved by the Superintendent and certified by the President of the Board, the School Business Administrator, and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

The required certification (E-CERT 1) of compliance with all documentation prepared for income tax related purposes of administrators (superintendent, assistant superintendent and business administrator) complying with the requirements of federal and state laws and regulations, was completed and submitted to the NJ Department of Treasury by the due date of March 15.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of General and Administrative 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, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23A-8.2. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

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

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title II, Title III, and Title IV 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 Schedule A and Schedule B located in the ACFR.

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2025. The reimbursement form was reviewed and no exceptions were noted.

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 $17,500, 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 therefore, 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. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to $25,000. 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. 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 the year in which it is made . . . ."

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 therefore, except as is provided otherwise in this chapter or specifically by any other law . . . ."

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 $20,200 for 2024-25.

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

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 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. General compliance was noted.

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 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.

School Food Service

The District does not participate in the federal Child Nutrition Program.

Exhibits reflecting the Food Service Fund operations are included in the section entitled "Proprietary Fund", Section G of the ACFR.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2024 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. 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 work papers was verified on a test basis without exception. 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's written procedures for the recording of student enrollment data appear to be adequate.

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 on a test basis 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the NJSDA grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities construction. No exceptions were noted.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

Our review of the travel policies and records revealed that the District was in compliance with the travel regulations.

Testing for Lead in Drinking Water of Education Facilities

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

Management Suggestion:

Governmental Accounting Standards Board (GASB) Statements effective for Fiscal Year Ending June 30, 2026

GASB Statement No. 103, Financial Reporting Model Improvements

Management's Discussion and Analysis (MD&A)
Information in MD&A is limited to five sections – Overview of Financial Statements, Financial Summary, Detailed Analyses, Significant Capital Assets and Long-Term Financing Activity and Currently Known Facts. Standard emphasizes that the detailed analyses should explain why balances and results of operations changed. Also, only the most relevant information should be presented.

Unusual or Infrequent Items
Statement provides a definition of these items and the presentation of these items in the financial statements.

Management Suggestion: (Cont'd)

Governmental Accounting Standards Board (GASB) Statements effective for Fiscal Year Ending June 30, 2026 (Cont'd)

GASB Statement No. 103, Financial Reporting Model Improvements (Cont'd)

Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position
Provides a definition of both operating and nonoperating revenue and expenses. New requirement for subtotals for Operating Income/(Loss) and Noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Provides a definition of subsidies.

Budgetary Comparison Information
Must present variance between original and final budget amounts as well as variance between final budget and actual amounts. An explanation of significant variances must be included in the Notes to the Required Supplementary Information (RSI).

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Status of Prior Year's Findings/Recommendations

There were no prior year audit findings or recommendations.

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

	2025-2026 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool 3 Years Old	22		22				22		22			
Full Day Preschool 4 Years Old	32		32				32		32			
Grade One	73		73				73		73			
Grade Two	76		76				76		76			
Grade Three	53		53				53		53			
Grade Four	75		75				75		75			
Grade Five	77		77				77		77			
Grade Six	78		78				78		78			
Grade Seven	85		85				85		85			
Grade Eight	78		78				78		78			
Subtotal	731		731				731		731			
Special Ed - Elementary	37		37				5		5			
Special Ed - Middle School	30		30				3		3			
Subtotal	67		67				8		8			
Totals	798	- 0 -	798	- 0 -	- 0 -	- 0 -	739	- 0 -	739	- 0 -	- 0 -	- 0 -
Percentage Error					0.00%	0.00%					0.00%	0.00%

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

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	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
Grade One					2	2		1	1	
Grade Two					1	1		1	1	
Grade Four					1	1				
Grade Six					1	1				
Subtotal					5	5		2	2	
Special Ed - Middle School	3	2	2							
Subtotal	3	2	2							
Totals	3	2	2	- 0 -	5	5	- 0 -	2	2	- 0 -
Percentage Error				0.00%			0.00%			0.00%

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

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application Test Scores and Register	Sample Errors
Grade One	1	1		1	1	
Grade Four	1	1				
Totals	2	2	- 0 -	1	1	- 0 -
Percentage Error			0.00%			0.00%

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

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	8	8		1	1	
Grade Two	3	3		1	1	
Grade Three	5	5				
Grade Four	5	5		1	1	
Grade Five	2	2				
Grade Six	4	4				
Grade Seven	5	5		1	1	
Grade Eight	1	1				
Totals	33	33	- 0 -	4	4	- 0 -
Percentage Error			0.00%			0.00%

BOROUGH OF DEMAREST SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	2	2		2	2	
Transported - Non Public	7	7		3	3	
AIL - Non Public	18	18		5	5	
Special Needs - Public	1	1		1	1	
Special Needs -Private	3	3		2	2	
Totals	31	31	- 0 -	13	13	- 0 -
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.9	4.8
Average Mileage - Regular Excluding Grade PK Students	4.9	4.8
Average Mileage - Special Education with Special Needs	23.6	23.6

BOROUGH OF DEMAREST SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2025

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1	$ 22,512,878	(B)	
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	$ - 0 -	(B1a)	
Transfer from Capital Reserve to Capital Projects Fund	$ 2,200,000	(B1b)	
Decreased by:			
On-Behalf TPAF Pension and Social Security	$ 3,909,242	(B2a)	
Assets Acquired Under Leases and Financed Purchases	$ - 0 -	(B2b)	
Adjusted 2024-25 General Fund Expenditures [(B)+(B1's)-(B2's)]	$ 20,803,636	(B3)	
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$ 416,073	(B4)	
Enter Greater of (B4) or $250,000	$ 416,073	(B5)	
Increased by: Allowable Adjustments	$ 227,557	(K)	
Maximum Unassigned Fund Balance [(B5)+(K)]			$ 643,630 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2025			
(Per ACFR Budgetary Comparison Schedule C-1)	$ 7,011,691	(C)	
Decreased by:			
Year-End Encumbrances	$ 30,233	(C1)	
Legally Restricted:			
Designated for Subsequent Year's Expenditures	$ - 0 -	(C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	$ 600,000	(C3)	
Other Restricted Fund Balances	$ 5,201,879	(C4)	
Assigned Fund Balance:			
Designated for Subsequent Year's Expenditures	$ 135,949	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 1,043,630 (U1)

BOROUGH OF DEMAREST SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	$ 400,000	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	$ 600,000	(C3)
Restricted Excess Surplus [(E)]	$ 400,000	(E)
Total Excess Surplus [(C3)+(E)]	$ 1,000,000	(D)

Detail of Allowable Adjustments

Impact Aid	$ - 0 -	(H)
Sale & Lease-back	$ - 0 -	(I)
Extraordinary Aid	$ 216,290	(J1)
Additional Nonpublic School Transportation Aid	$ 11,267	(J2)
Current Year School Bus Advertising Revenue Recognized	$ - 0 -	(J3)
Family Crisis Transportation Aid	$ - 0 -	(J4)
Supplemental Stabilization Aid (April 2025) & Maintenance of Equity Aid (July 2025)	$ - 0 -	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 227,557	(K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:	
Approved Unspent Separate Proposal	$ - 0 -
Sale/Lease-back Reserve	$ - 0 -
Capital Reserve	$ 4,901,879
Maintenance Reserve	$ 300,000
Emergency Reserve	$ - 0 -
Tuition Reserve	$ - 0 -
School Bus Advertising 50% Fuel Offset Reserve - Current Year	$ - 0 -
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	$ - 0 -
Impact Aid General Fund Reserve (Sections 8002 and 8003)	$ - 0 -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	$ - 0 -
Other State/Government Mandated Reserves	$ - 0 -
Reserve for Unemployment Fund	$ - 0 -
Other Restricted Fund Balances Not Noted Above	$ - 0 -
Total Other Restricted Fund Balances	$ 5,201,879 (C4)

BOROUGH OF DEMAREST SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2025

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. Status of Prior Year's Findings/Recommendations

   There were no prior year audit findings or recommendations.