

**KEARNY BOARD OF EDUCATION
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

**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
Kearny, 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 Kearny Board of Education as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 8, 2019.

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 & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 8, 2019

**KEARNY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 Comprehensive Annual Financial Report (the "CAFR").

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Edward F. Izbicki, Sr. Ed.D	School Business Administrator/ Board Secretary	\$400,000
Michael J. Lamprecht, Sr.	Treasurer of School Monies	400,000

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

Other

Finding – The District did not adopt a policy on Procurement Procedures for Child Nutrition Programs as required by the United States Department of Agriculture.

Recommendation – The District adopt a policy regarding Procurement Procedures for Child Nutrition Programs.

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 with isolated, immaterial instances noted.

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.

**KEARNY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding – A payroll agency ledger by deduction was not currently maintained and reconciled with the monthly bank reconciliations.

Recommendation – A payroll agency ledger by deduction be currently maintained and reconciled with the bank reconciliation on a monthly basis.

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

Finding – Our audit of payroll noted that stipends for perfect attendance were not included as taxable income to the employee on the 2018 W-2 forms. In addition, the amounts paid for boiler licenses stipends were not in agreement with the bargaining unit agreements.

Recommendation – All employee stipends be reported as taxable wages. In addition, the stipends be paid in accordance with the terms of the bargaining unit agreements.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A: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. Our audit revealed the following:

Finding –

- The original budget for several line items was not in agreement with the District's approved budget document.
- Expenditures for communications/telephone, property insurance, travel reimbursement and retroactive salary payments were charged to incorrect budget line items.

Recommendation – The District compare its budgetary reports to the approved budget document to ensure that budget line items are in agreement. In addition, the District review the coding of expenditures to ensure that purchases are classified in accordance with the State budgetary chart of accounts.

Board Secretary's and Treasurer's Records

The financial records and books of account 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.

**KEARNY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning Accounting and Reporting (Continued)

Board Secretary's and Treasurer's Records (Continued)

The Treasurer and Board Secretary's records are reconciled to each other.

Finding – Our audit of the Adult School revealed that the revenue/receipts were not recorded in the District's financial records.

Recommendation – Monies collected by the Adult School be recorded in the District's General Fund financial records.

Finding – The capital outlay, equipment, instruction budget line expenditures exceeded budgeted appropriations by \$10,000 due to an audit adjustment to reclassify a reimbursement. No recommendation is warranted.

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 CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III 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 CAFR.

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

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.

**KEARNY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$19,000. The District has designated the School Business Administrator to be the Qualified Purchasing Agent and has approved by resolution the bid threshold of \$40,000.

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 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, amended.

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.

Finding – Our audit of expenditures noted the following:

- In certain instances, purchase orders were issued subsequent to the goods or services being received/rendered.
- Political contribution disclosure forms (PCD) were not obtained for three vendors who were paid in excess of \$17,500.
- Documentation supporting cooperative purchasing contracts was not attached to the respective purchase orders.

Recommendations:

- Purchase orders be issued prior to the ordering of goods and/or services.
- Political contribution disclosure forms be obtained for vendors paid in excess of \$17,500 in accordance with the requirements of the Local Public Contracts Law.
- Documentation supporting cooperative purchasing contracts be attached to the respective purchase order.

**KEARNY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

School Food Service

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

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with NJSA 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC cost reimbursable contract addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will have a profit of at least \$50,000. The operating results provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the food service account and reconciled to supporting documentation.

Expenses were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. The cash disbursements records reflected expenses for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenses.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted in a timely manner. Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and to the list of directly certified students on file, times the number of operating days. The free and reduced price meal policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

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 CAFR on Exhibits B-4, B-5 and B-6.

Student Activity Funds/Athletic Association/Scholarship Accounts

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

Finding – Our audit of the student activity funds revealed the following:

- Pre-numbered receipts were not always utilized by Roosevelt School, Schulyer School, Franklin School, Lincoln Student Council and Garfield School.
- There were checks issued with only one authorized signature and certain checks were made payable to cash.
- Supporting documentation for certain disbursements was not provided for audit. Furthermore, payment approval forms are not always utilized.
- Deposits were not always made in a timely manner.
- Reimbursements were made to employees for purchases made with personal credit cards.

Recommendation – Uniform accounting procedures be implemented for all student activity accounts. In addition, student activity accounts be pre-audited to ensure that the procedures are being adhered to and all documentation is available for audit.

**KEARNY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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 exceptions noted. The information that was included on the application was verified with minor 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.

Finding – Our audit of the ASSA noted that the District’s workpapers reported 14 more resident low income students than the number reported on the ASSA report.

Recommendation – The District implement procedures to ensure that the District’s records supports the number of students reported on the Application for State School Aid (ASSA).

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS) with immaterial exceptions noted. 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

The District maintains a Capital Assets ledger in its accounting software system.

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.
- Scholarship awards be memorialized by Board resolution.
- The District independently verify that payroll taxes are being made in a timely manner by its third party service provider.

**KEARNY BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Federal Programs</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	122,392	44,291	44,291	
	Reduced	50,138	18,524	18,524	
	Free	<u>261,735</u>	<u>94,156</u>	<u>94,156</u>	
		<u>434,265</u>	<u>156,971</u>	<u>156,971</u>	<u>-</u>
Breakfast (Severe Need)	Paid	27,090	44,291	44,291	
	Reduced	11,844	18,524	18,524	
	Free	<u>77,922</u>	<u>94,156</u>	<u>94,156</u>	
		<u>116,856</u>	<u>156,971</u>	<u>156,971</u>	<u>-</u>
Total		<u>551,121</u>	<u>313,942</u>	<u>313,942</u>	<u>-</u>
<u>State Programs</u>					
State Reimbursement- National School Lunch (Regular Rate)	Paid	122,392	44,291	44,291	
	Reduced	50,138	18,524	18,524	
	Free	<u>261,735</u>	<u>94,156</u>	<u>94,156</u>	
		<u>434,265</u>	<u>156,971</u>	<u>156,971</u>	<u>-</u>
Total		<u>434,265</u>	<u>156,971</u>	<u>156,971</u>	<u>-</u>

**KEARNY BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Current Assets

Cash and Cash Equivalents	\$	114,960
Due from Other Funds		500,000
Due from Other Governments		87,548
		702,508

Current Liabilities

Less:		
Accounts Payable		(87,985)
Deferred Revenue		(13,088)
		(101,073)

Net Cash Resources	\$	601,435
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	2,324,402
Less Depreciation		(44,961)
		2,279,441
Adjusted Total Operating Expense	\$	2,279,441

<u>Average Monthly Operating Expense:</u>	\$	227,944
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<u>Three Times Monthly Average:</u>	\$	683,832
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Total Net Cash Resources	\$	601,435
Three Times Monthly Average		683,832
		82,397

Amount Below Allowable Net Cash Resources	\$	82,397
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**KEARNY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	2019-2020 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample from Work- papers	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 3 yrs	18		18					18		18						
Half Day Preschool 4 yrs	180		180					29		29						
Full Day Kindergarten	279		279					53		53						
Grade 1	313		313					46		46						
Grade 2	293		293					49		49						
Grade 3	285		285					43		43						
Grade 4	300		300					82		82						
Grade 5	313		313					105		105						
Grade 6	340		340					54		54						
Grade 7	336		335		(1)			335		335						
Grade 8	378		379		1			379		379						
Grade 9	373		373					373		373						
Grade 10	338		338					338		338						
Grade 11	362		362					362		362						
Grade 12	361		361					361		361						
Subtotal	4,469	-	4,469	-	-	-		2,627	-	2,627	-	-	-	-	-	-
Special Ed - Elementary	381		381					54		54			13	11	11	
Special Ed - Middle	223		223					142		142			15	13	13	
Special Ed - High	275		275					275		275			23	19	19	
Subtotal	879	-	879	-	-	-		471	-	471	-	-	51	43	43	-
Totals	5,348	-	5,348	-	-	-		3,098	-	3,098	-	-	51	43	43	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>

**KEARNY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	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 as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Application and Register	Errors
	Full Day Kindergarten	212	213	1	5	5		36	37	1	6	6
Grade 1	227	228	1	6	6		41	41	-	6	6	
Grade 2	187	186	(1)	5	5		26	26	-	5	5	
Grade 3	214	215	1	5	5		24	25	1	4	4	
Grade 4	194	194	-	5	5		20	19	(1)	3	3	
Grade 5	217	218	1	5	5		24	25	1	5	5	
Grade 6	229	229	-	5	5		18	18	-	4	4	
Grade 7	225	224	(1)	5	5		17	17	-	3	3	
Grade 8	177	179	2	4	4		14	14	-	3	3	
Grade 9	189	192	3	4	4		27	28	1	6	6	
Grade 10	163	165	2	4	4		20	20	-	4	4	
Grade 11	152	158	6	4	4		22	22	-	4	4	
Grade 12	142	143	1	3	3		19	19	-	4	4	
Subtotal	2,528	2,544	16	60	60	-	308	311	3	57	57	
Special Ed - Elementary	257	257	-	5	5		8	6	(2)	1	1	
Special Ed - Middle	136	134	(2)	3	3		3	3	-	1	1	
Special Ed - High	127	127	-	3	3	-	4	4	-	1	1	
Subtotal	520	518	(2)	11	11	-	15	13	(2)	3	3	
Train School/Secure Care	1	1										
Juvenile Detention Center	2	2										
Totals	3,051	3,065	14	71	71	-	323	324	1	60	60	-
Percentage Error			<u>0.46%</u>			<u>0.00%</u>			<u>0.31%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Special Ed Without Special Need	108	108		29	26
Special Ed With Special Need	88	88	-	24	23	(1)
	196	196	-	53	49	(4)
Percentage Error			<u>0.00%</u>			<u>-7.55%</u>

**KEARNY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	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 Worpapers	Sample Verified to Register	Errors
Full Day Kindergarten	11	10	1	3	3	
Grade 1	8	8		3	3	
Grade 2	10	11	(1)	4	4	
Grade 3	10	9	1	4	4	
Grade 4	6	5	1	2	2	
Grade 5	2	2		1	1	
Grade 6	7	7		3	3	
Grade 7	8	8		3	3	
Grade 8	10	10		4	4	
Grade 9	14	13	1	5	5	
Grade 10	13	13		6	6	
Grade 11	12	12		5	5	
Grade 12	8	8		3	3	
Adult School	-	-	-	-	-	-
Subtotal	<u>119</u>	<u>116</u>	<u>3</u>	<u>46</u>	<u>46</u>	<u>-</u>
Special Ed - Elementary	4	4		1	1	
Special Ed - Middle	1	1		1	1	
Special Ed - High	-	1	(1)	1	1	
Subtotal	<u>5</u>	<u>6</u>	<u>(1)</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total	<u>124</u>	<u>122</u>	<u>2</u>	<u>49</u>	<u>49</u>	<u>-</u>
Percentage Error			<u>1.61%</u>			<u>0.00%</u>

**KEARNY BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2018-2019 Total General Fund Expenditures per the CAFR (Budgetary Basis)	\$ 108,246,621	
Increased by:		
Transfer to Food Service Fund	377,796	
	<u>108,624,417</u>	
Decreased by:		
Capital Lease	(1,498,227)	
On-Behalf TPAF Pension & Social Security	(14,152,313)	
	<u>\$ 92,973,877</u>	
Adjusted 2018-2019 General Fund Expenditures		
2% of Adjusted 2018-2019 General Fund Expenditures	\$ 1,859,478	
Allowable Adjustment - Extraordinary Aid	<u>278,972</u>	
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 2,138,450</u>
Total General Fund - Budgetary Fund Balance at June 30, 2019	\$ 4,504,353	
Decreased by:		
Encumbrances	530,180	
Restricted Fund Balances		
Adult Education Programs	55,678	
Capital Reserve	592,559	
Maintenance Reserve	1,031,500	
Assigned Fund Balance		
Designated for Subsequent Year's Budget	<u>156,636</u>	
	<u>2,366,553</u>	
Total Unassigned Fund Balance		<u>\$ 2,137,800</u>

**KEARNY BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

It is recommended that the District adopt a policy regarding procurement procedures for Child Nutrition Programs.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. A payroll agency ledger by deduction be currently maintained and reconciled with the bank reconciliation on a monthly basis.
2. All employee stipends be reported as taxable wages. In addition, the stipends be paid in accordance with the terms of the bargaining unit agreements..
3. The District compare its budgetary reports to the approved budget document to ensure that budget line items are in agreement. In addition, the District review the coding of expenditures to ensure that purchases are classified in accordance with the State budgetary chart of accounts.
4. Monies collected by the Adult School be recorded in the District's General Fund financial records.

III. School Purchasing Program

It is recommended that:

1. Purchase orders be issued prior to the ordering of goods and/or services.
2. Political contribution disclosure forms be obtained for vendors paid in excess of \$17,500 in accordance with the requirements of the Local Public Contracts Law.
3. Documents supporting cooperative purchasing contracts be attached to the respective purchase order.

IV. School Food Service

There are none.

V. Student Body Activities/Athletics/Scholarships

It is recommended that uniform accounting procedures be implemented for all student activity accounts. In addition, student activity accounts be pre-audited to ensure that the procedures are being adhered to and all documentation is available for audit.

VI. Application for State School Aid

It is recommended that the District implement procedures to ensure that the District's records supports the number of students reported on the Application for State School Aid (ASSA).

VII. Pupil Transportation

There are none.

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VIII. Facilities and Capital Assets

There are none.

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 (*).

Respectfully submitted,


Gary J. Vinci
Certified Public Accountant
Public School Accountant