

**KEARNY BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2020**

**KEARNY BOARD OF EDUCATION  
TABLE OF CONTENTS**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Independent Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
School Food Service	5-6
Student Activity Funds/Athletic Association/Scholarship Accounts	6
Application for State School Aid	6
Pupil Transportation	6-7
Facilities and Capital Assets	7
Miscellaneous	7
Suggestions to Management	7
Schedule of Meal Count Activity – Not Applicable	8
Schedule of Net Cash Resources	9
Schedule of Audited Enrollments	10-12
Calculation of Excess Surplus	13
Recommendations	14



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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, 2020, and have issued our report thereon dated December 22, 2020.

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  
December 22, 2020

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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	\$450,000
Michael J. Lamprecht, Sr.	Treasurer of School Monies	450,000

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

**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.

**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.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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** – Expenditures for travel reimbursement and lease payments for a school bus were charged to incorrect budget line items.

**Recommendation** – 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.

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.

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 1, 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.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 \$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 that in certain instances, purchase orders were issued subsequent to the goods or services being received/rendered.

**Recommendation:** Purchase orders be issued prior to the ordering of goods and/or services.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**School Food Service**

**COVID – 19 Emergency**

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFA's 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 Free and Reduced Price meal eligible students.

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 and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs.

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.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific cost applicable to the emergency operations.

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.

**Finding** – Net cash resources exceeded three months average expenses.

**Recommendation** – The District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources do not exceed the three month average expenses.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**School Food Service (Continued)**

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.
- Certain payment approval forms for the athletic account die not contain the signature of the athletic director.
- Monthly bank reconciliations were not always prepared by Franklin School.
- Supporting documentation for certain disbursements was not provided for audit. Furthermore, payment approval forms are not always utilized.
- A receipt for \$451 was deposited into the Treasurer’s personal bank account.
- 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.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 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 without exception. 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 2019-2020 District Report of Transported Resident Students (DRTRS). The results of our procedures are presented in the Schedule of Audited Enrollments.



**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Pupil Transportation (Continued)**

**Finding** – Our audit of the DRTRS noted the following:

- Two students graduated in June 2019.
- Four students did not have transportation in their IEP.
- A tuition contract was not available for one student.

**Recommendation** – The District review it's internal procedures relating to the reporting of students on the DRTRS.

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.

**Finding** – Our audit noted unrecorded capital asset additions of \$529,000.

**Recommendation** – Internal control procedures relating to the recording of capital assets be reviewed and enhanced.

**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 acknowledged by Board resolution.
- Project balances for completed capital projects be reviewed and cancelled. Furthermore, uncollected receivables be funded by either a budget appropriation or from capital reserve.
- A formal policy for the use of store cards be developed and adopted by the Board.

**KEARNY BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**KEARNY BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Current Assets**

Cash & Cash Equiv.	\$	652,679
Due from Other Gov'ts	\$	84,783
Accounts Receivable		

**Current Liabilities**

Less Accounts Payable	\$	<u>(67,012)</u>
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**Net Cash Resources**

\$	<u><u>670,450</u></u>
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**Net Adjusted Total Operating Expenses:**

Total Operating Expenses	\$	1,872,524
Less Depreciation	\$	<u>(34,974)</u>

Adjusted Total Operating Expenses	\$	<u><u>1,837,550</u></u>
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**Average Monthly Operating Expense:**

\$	<u><u>183,755</u></u>
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**Three Times Monthly Average:**

\$	<u><u>551,265</u></u>
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Net Cash Resources	\$	670,450
Three Times Monthly Average	\$	<u>551,265</u>
Excess Cash Resources	\$	<u><u>119,185</u></u>

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2019**

	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	19		19					19		19						
Full Day Preschool 4 yrs	204		204					105		105						
Full Day Kindergarten	288		288					50		50						
Grade 1	273		273					44		44						
Grade 2	296		296					46		46						
Grade 3	293		293					46		46						
Grade 4	289		289					104		104						
Grade 5	297		297					82		82						
Grade 6	332		332					36		36						
Grade 7	336		336					336		336						
Grade 8	335		335					335		335						
Grade 9	387		387					387		387						
Grade 10	344		344					344		344						
Grade 11	351		351					351		351						
Grade 12	358		358					358		358						
Subtotal	4,402	-	4,402	-	-	-		2,643	-	2,643	-	-	-	-	-	-
Special Ed - Elementary	391		391					55		55			10	9	9	
Special Ed - Middle	234		234					159		159			10	9	9	
Special Ed - High	290		290		-	-		290		290			23	19	19	
Subtotal	915	-	915	-	-	-		504	-	504	-	-	43	37	37	-
Totals	5,317	-	5,317	-	-	-		3,147	-	3,147	-	-	43	37	37	-
Percentage Error					0.00%	0.00%										0.00%

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2019**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Errors</u>
	<u>A.S.S.A as</u>	<u>Workpapers as</u>					<u>A.S.S.A as</u>	<u>Workpapers as</u>				
	<u>Low</u>	<u>Low</u>		<u>Workpapers</u>	<u>and Register</u>		<u>Low Income</u>	<u>Low Income</u>		<u>Worpapers</u>	<u>and Register</u>	
Full Day Kindergarten	194	194		5	5		31	31		5	5	
Grade 1	177	177		4	4		31	31		7	7	-
Grade 2	181	181		4	4		34	34		6	6	
Grade 3	183	183		4	4		23	23		5	5	
Grade 4	170	170		4	4		17	17		4	4	
Grade 5	156	156		4	4		11	11		3	3	
Grade 6	181	181		5	5		15	15		4	4	
Grade 7	198	198		5	5		16	16		4	4	
Grade 8	192	192		5	5		16	16		4	4	
Grade 9	163	163		5	5		14	14		4	4	
Grade 10	136	136		4	4		9	9		2	2	
Grade 11	155	155		5	5		16	16		4	4	
Grade 12	128	128		4	4		6	6		1	1	
Subtotal	<u>2,214</u>	<u>2,214</u>	<u>-</u>	<u>58</u>	<u>58</u>	<u>-</u>	<u>239</u>	<u>239</u>	<u>-</u>	<u>53</u>	<u>53</u>	<u>-</u>
Special Ed - Elementary	264	267	(3)	7	7		12	12		2	2	
Special Ed - Middle	127	127		3	3		3	3				
Special Ed - High	121	121		3	3		5	5		1	1	
Subtotal	<u>512</u>	<u>515</u>	<u>(3)</u>	<u>13</u>	<u>13</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Totals	<u>2,726</u>	<u>2,729</u>	<u>(3)</u>	<u>71</u>	<u>71</u>	<u>-</u>	<u>259</u>	<u>259</u>	<u>-</u>	<u>56</u>	<u>56</u>	<u>-</u>
Percentage Error			<u>-0.11%</u>		<u>0.00%</u>				<u>0.00%</u>		<u>0.00%</u>	

	<u>Transportation</u>					
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
<u>DRTRS by</u>	<u>DRTRS by</u>	<u>DOE/County</u>				
Special Ed Without Special Need	99.0	99.0		29.0	26.0	(3.0)
Special Ed With Special Need	91.0	91.0		24.0	19.0	(5.0)
	<u>190.0</u>	<u>190.0</u>	<u>-</u>	<u>53.0</u>	<u>45.0</u>	<u>(8.0)</u>
Percentage Error			<u>0.00%</u>		<u>-15.09%</u>	

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2019**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	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	25	25		4	4	
Grade 1	16	16		3	3	
Grade 2	27	27		5	5	
Grade 3	25	25		5	5	
Grade 4	22	22		5	5	
Grade 5	10	10		2	2	
Grade 6	15	15		3	3	
Grade 7	13	13		3	3	
Grade 8	14	14		3	3	
Grade 9	25	25		6	6	
Grade 10	28	28		6	6	
Grade 11	23	23		5	5	
Grade 12	13	13		3	3	
Subtotal	<u>256</u>	<u>256</u>	<u>-</u>	<u>53</u>	<u>53</u>	<u>-</u>
Special Ed - Elementary	8	8		1	1	
Special Ed - Middle	2	2		1	1	
Special Ed - High	2	2		1	1	
Subtotal	<u>12</u>	<u>12</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total	<u>268</u>	<u>268</u>	<u>-</u>	<u>56</u>	<u>56</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**KEARNY BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2019-2020 Total General Fund Expenditures per the CAFR	\$ 108,106,158
Increased by:	
Transfer to Food Service Fund	<u>196,350</u>
	108,302,508
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 14,439,369
Assets Acquired Under Capital Leases	<u>890,134</u>
	<u>15,329,503</u>
Adjusted 2019-2020 General Fund Expenditures	<u>\$ 92,973,005</u>
2% of Adjusted 2019-2020 General Fund Expenditures	\$ 1,859,460
Allowable Adjustments - Extraordinary Aid	<u>292,432</u>
Maximum Unassigned Fund Balance	<u>\$ 2,151,892</u>
Total General Fund - Fund Balance at June 30, 2020	\$ 8,690,905
Decreased by:	
Year End Encumbrances	63,516
Other Restricted Fund Balances - Capital Reserve	2,097,024
Other Restricted Fund Balances - Maintenance Reserve	3,040,687
Other Restricted Fund Balances - Adult Education Programs	80,493
Designated for Subsequent Year's Budget	<u>673,882</u>
Total Unassigned Fund Balance	<u>\$ 2,735,303</u>
<b>Restricted Fund Balance - Excess Surplus</b>	<u><b>\$ 583,411</b></u>
<b><u>Recapitulation of Restricted Excess Surplus as of June 30, 2020</u></b>	
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -
Excess Surplus	<u>583,411</u>
	<u><b>\$ 583,411</b></u>

**KEARNY BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**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. The District review the coding of expenditures to ensure that purchases are classified in accordance with the State budgetary chart of accounts.
- \* 3. Monies collected by the Adult School be recorded in the District's General Fund financial records.

**III. School Purchasing Program**

- \* It is recommended that purchase orders be issued prior to the ordering of goods and/or services.

**IV. School Food Service**

It is recommended that the District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources do not exceed the three month average expenses.

**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**

There are none.

**VII. Pupil Transportation**

It is recommended that the District review it's internal procedures relating to the reporting of students on the DRTRS.

**VIII. Facilities and Capital Assets**

It is recommended that internal control procedures relating to the recoding of capital assets be reviewed and enhanced.

**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 (\*).