

**KEARNY BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2022**

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

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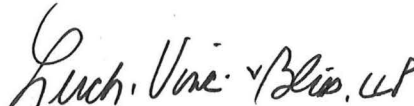

### INDEPENDENT AUDITOR'S MANAGEMENT REPORT

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, 2022, and have issued our report thereon dated January 31, 2023.

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  
January 31, 2023

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Scope of Audit**

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer of School Monies, 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	\$500,000
Michael J. Lamprecht, Sr.	Treasurer of School Monies (July 1, 2021 to December 31, 2021)	500,000
Marie Criscuolo	Treasurer of School Monies (January 3, 2022 to June 30, 2022)	500,000

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 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.

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, 2022**

**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.

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

**Finding 2022-001** – Intergovernmental receivables were understated by \$390,709 in the June 30, 2022 financial reports of the district.

**Recommendation** – The year end financial reports be reviewed to ensure that all intergovernmental receivable balances are accurately recorded.

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 1, 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 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.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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 is not a Qualified Purchasing Agent, thereby, reducing the threshold to \$32,000.

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.

**Finding 2022-002** – Our audit noted that state/cooperative contracts over the bid threshold were not individually approved by the Board.

**Recommendation** – It is recommended that all state/cooperative contracts over the bid threshold be submitted to the Board for their approval.

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, 2022**

**School Food Service**

**Public Health Emergency**

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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. The Governor's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFA's) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFA's could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 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 did not contain an operating results provision for the 2021-2022 school year. 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 2022-003** – 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 does not exceed the average of three-month expenses.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

The FSMC did apply for and receive a loan in accordance with the Payroll Protection Plan and did not use the funds to pay for costs applicable to the Food Service Programs. The PPP loan has been subsequently forgiven and the FSMC is in the process of calculating the amount to be refunded or credited to the SFA.

**KEARNY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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 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.

**Finding 2022-004** – Our audit of the High School Student Activities and Athletics accounts noted the following:

- Bank reconciliations did not agree with the ledger balance of the accounts.
- Proper supporting documentation and itemization of expenditures was not always available for the Athletic account disbursements.

**Recommendation** – It is recommended that the High School Student Activity and Athletic bank accounts be in agreement with the ledger balance. In addition, itemized bills and supporting documents be attached to payments made from the Athletic account.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2021 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 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 2021-2022 District Report of Transported Resident Students (DRTRS). The results of our procedures are presented in the Schedule of Audited Enrollments.

**Comment** – The County DRTRS report included five (5) more transported students than the District's report. The above finding is immaterial; therefore an audit recommendation is not warranted.

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, 2022**

**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.
- Capital Projects Fund grant receivables be reviewed and cleared of record.
- 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  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Program	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>
National School Lunch	Summer Food Services Program (SFSP)	14,827	3,987	3,987
	SSO	460,491	153,064	153,064
Breakfast	Summer Food Services Program (SFSP)	14,114	3,987	3,987
	SSO	<u>191,197</u>	<u>61,739</u>	<u>61,739</u>
TOTAL		<u>680,629</u>	<u>222,777</u>	<u>222,777</u>

**KEARNY BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Current Assets**

Cash and Cash Equivalents	\$ 1,029,806
Due from Other Governments	<u>181,031</u>
	1,210,837

**Current Liabilities**

Less:	
Accounts Payable	<u>(109,174)</u>

<b>Net Cash Resources</b>	<b><u>\$ 1,101,663</u></b>
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**Adjusted Total Operating Expense:**

Total Operating Expenses	\$ 2,919,847
Less Depreciation	<u>(40,861)</u>
Adjusted Total Operating Expense	<b><u>\$ 2,878,986</u></b>

<b><u>Average Monthly Operating Expense:</u></b>	<b><u>\$ 287,899</u></b>
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<b><u>Three Times Monthly Average:</u></b>	<b><u>\$ 863,696</u></b>
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Total Net Cash Resources	\$ 1,101,663
Three Times Monthly Average	<u>863,696</u>

Amount Above Allowable Net Cash Resources	<b><u>\$ 237,967</u></b>
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**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2021  
SCHEDULE OF AUDITED ENROLLMENTS**

	<b>2021-2022 Application for State School Aid</b>						<b>Sample for Verification</b>						<b>On Roll - Special Education</b>			<b>Private Schools for Disabled</b>					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Sample			Reported on Sample					
	A.S.S.A.		Workpapers				Selected from		Register		Registers		for			A.S.S.A. as for					
	On Roll		On Roll		Full		Workpapers		On Roll		On Roll		Verifi-			Private					
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	cation	Sample	Sample	Sample	Errors	Schools	Verifi-	Sample	Sample	
													Errors	Verified	Errors		Schools	cation	Verified	Errors	
Full Day Preschool 3 yrs	22		22					10		10											
Full Day Preschool 4 yrs	212		212					38		38											
Full Day Kindergarten	246		247		1			42		42											
Grade 1	245		245					46		46											
Grade 2	264		264					78		78											
Grade 3	267		267					32		32											
Grade 4	279		279					35		35											
Grade 5	287		287					47		47											
Grade 6	272		272					45		45											
Grade 7	283		283					283		283											
Grade 8	331		331					331		331											
Grade 9	389		389					389		389											
Grade 10	351		351					351		351											
Grade 11	357		357					357		357											
Grade 12	350		350		-	-		350		350											
Subtotal	4,155	-	4,156	-	1	-		2,434	-	2,434	-										
Special Ed - Elementary	399		398		(1)			147		147				29	29			10	8	8	
Special Ed - Middle	206		206		-			138		138				17	17			13	10	10	
Special Ed - High	294		293		(1)	-		293		293				22	22	-		31	23	23	-
Subtotal	899	-	897	-	(2)	-		578	-	578	-			68	68	-		54	41	41	-
Totals	5,054	-	5,053	-	(1)	-		3,012	-	3,012	-			68	68	-		54	41	41	-
Percentage Error					<u>-0.02%</u>	<u>0.00%</u>				<u>0.00%</u>	<u>0.00%</u>			<u>-</u>							<u>0.00%</u>

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2021  
SCHEDULE OF AUDITED ENROLLMENTS**

	<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>Sample</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 and</u>	<u>Workpapers and</u>	<u>Register</u>	<u>Register</u>	<u>Low Income</u>	<u>Low Income</u>	<u>Workpapers and</u>	<u>Workpapers and</u>	<u>Register</u>	<u>Register</u>	<u>Errors</u>
Full Day Kindergarten	142	141	1	3	3	-	21	21	-	4	4	-
Grade 1	171	171		4	4		31	31		6	6	
Grade 2	195	195		4	4		40	40		7	7	
Grade 3	191	191		4	4		29	29		5	5	
Grade 4	180	180		4	4		32	32		6	6	
Grade 5	188	188		4	4		26	26		5	5	
Grade 6	180	180		4	4		19	19		3	3	
Grade 7	166	166		4	4		16	16		3	3	
Grade 8	205	205		5	5		27	27		5	5	
Grade 9	201	201		6	6		18	18		3	3	
Grade 10	167	167		5	5		16	16		3	3	
Grade 11	148	148		4	4		16	16		3	3	
Grade 12	179	179	-	5	5	-	23	23	-	4	4	-
Subtotal	<u>2,313</u>	<u>2,312</u>	<u>1</u>	<u>56</u>	<u>56</u>	<u>-</u>	<u>314</u>	<u>314</u>	<u>-</u>	<u>57</u>	<u>57</u>	<u>-</u>
Special Ed - Elementary	250	250		7	7		18	18		3	3	
Special Ed - Middle	140	140		4	4		2	2		-	-	-
Special Ed - High	141	141	-	4	4	-	1	1	-	-	-	-
Subtotal	<u>531</u>	<u>531</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>-</u>	<u>21</u>	<u>21</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Training School/Secure Care	1	-	1									
Totals	<u>2,845</u>	<u>2,843</u>	<u>2</u>	<u>71</u>	<u>71</u>	<u>-</u>	<u>335</u>	<u>335</u>	<u>-</u>	<u>60</u>	<u>60</u>	<u>-</u>
Percentage Error			<u>0.07%</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>	<u>District</u>					
Special Ed Without Special Need	94.0	90.0	(4.0)	27.0	28.0	1.0
Special Ed With Special Need	77.0	76.0	(1.0)	22.0	20.0	(2.0)
	<u>171.0</u>	<u>166.0</u>	<u>(5.0)</u>	<u>49.0</u>	<u>48.0</u>	<u>(1.0)</u>
Percentage Error			<u>-2.92%</u>			<u>-2.04%</u>

**KEARNY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2021  
SCHEDULE OF AUDITED ENROLLMENTS**

	<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	26	26		6	6	
Grade 1	18	18		4	4	
Grade 2	23	23		5	5	
Grade 3	10	10		2	2	
Grade 4	18	18		5	5	
Grade 5	20	20		4	4	
Grade 6	13	13		3	3	
Grade 7	11	11		3	3	
Grade 8	12	12		3	3	
Grade 9	24	24		6	6	
Grade 10	24	24		6	6	
Grade 11	20	20		6	6	
Grade 12	6	6	-	1	1	-
Subtotal	225	225	-	54	54	-
Special Ed - Elementary	10	10		2	2	
Special Ed - Middle	2	2		-		
Special Ed - High	1	1	-	-		-
Subtotal	13	13	-	2	2	-
Total	238	238	-	56	56	-
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, 2022**

2021-2022 Total General Fund Expenditures per the ACFR	\$ 124,160,655
Increased by:	
Transfer to Special Revenue Fund	<u>63,300</u>
	124,223,955
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>23,822,725</u>
Adjusted 2021-2022 General Fund Expenditures	<u>\$ 100,401,230</u>
4% of Adjusted 2021-2022 General Fund Expenditures	\$ 4,016,049
Allowable Adjustments -	
Extraordinary Aid	<u>910,736</u>
Maximum Unassigned Fund Balance	<u>\$ 4,926,785</u>
Total General Fund - Fund Balance at June 30, 2022	\$ 26,339,360
Decreased by:	
Year End Encumbrances	2,264,751
Other Restricted Fund Balances - Capital Reserve	13,194,475
Other Restricted Fund Balances - Maintenance Reserve	4,160,408
Other Restricted Fund Balances - Adult Education Programs	55,343
Other Restricted Fund Balances - Unemployment Compensation Reserve	915,565
Designated for Subsequent Year's Budget	<u>823,066</u>
Total Unassigned Fund Balance	<u>\$ 4,925,752</u>
<b>Amount Below Maximum Unassigned Fund Balance</b>	<u>\$ 1,033</u>

**KEARNY BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

1. It is recommended that the year end financial reports be reviewed to ensure that all intergovernmental receivable balances are accurately recorded.

**III. School Purchasing Program**

2. It is recommended that all state/cooperative contracts over the bid threshold be submitted to the Board for their approval.

**IV. School Food Service**

- \* 3. It is recommended that the District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources does not exceed the average of three-month expenses.

**V. Student Body Activities/Athletics/Scholarships**

4. It is recommended that the High School Student Activity and Athletic bank accounts be in agreement with the ledger balance. In addition, itemized bills and supporting documents be attached to payments made from the Athletic account.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**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 (\*).