KEARNY BOARD OF EDUCATION
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2025

KEARNY BOARD OF EDUCATION
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AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - 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, 2025, and have issued our report thereon dated October 9, 2025.

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

Gary J. Vinci
Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 9, 2025

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Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the District's Annual Comprehensive Financial Report (the "ACFR").

Official Bonds

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

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

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district. The school district data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

Financial Planning Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the Payroll Agency Account.

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

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

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

Financial Planning Accounting and Reporting (Continued)

Year-End Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no additional testing was deemed necessary to test the propriety of expenditure classifications.

Travel Policy

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

Board Secretary's and Treasurer's Records

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

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

The prescribed contractual order system was followed.

The Treasurer and Board Secretary's records are in agreement with each other. The Treasurer performed cash reconciliations as required.

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

The financial exhibits reported in the Special Revenue section of the ACFR, represents the financial position pertaining to the aforementioned special projects.

Financial Planning Accounting and Reporting (Continued)

Teachers Pension and Annuity Fund (TPAF) 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 $22,400. The School Business Administrator was appointed as the District's Qualified Purchasing Agent increasing the threshold to $44,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did note that individual payments, contracts, or agreements made for the performance of any work or goods or services were in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts and cooperative purchasing agreement.

School Food Service

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

Cash receipts and bank records were reviewed for timely deposit.

The district utilized a food service management company (FSMC) who is responsible for depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. 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 at least annually.

Expenditures are separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. The Food Service management company did provide the USDA mandated Non-Program Food Revenue Tool.

Net cash resources did not exceed three months average expenditures.

The number of meals claimed for reimbursement was compared to 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/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk 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.

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

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

Student Activity Funds/Athletic Association

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

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, bilingual and low income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information that was included on the application was verified with immaterial exceptions noted. The results are presented in the Schedule of Audited Enrollments.

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

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 to the DRTRS Eligibility Report with immaterial exception 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

Our audit procedures included a review of the Capital Projects Fund for consistency with recording the transfer of local funds from the General Fund and awarding of contracts.

The District utilized a third party for the preparation of its Capital Asset accounting records.

Miscellaneous

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

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

Suggestions to Management

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

KEARNY BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
NUMBER OF MEALS SERVED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Program	Meals Category	Meals Claimed	Meals Tested	Meals Verified
National School Lunch	Paid	97,113	41,857	41,857
	Reduced	51,803	20,007	20,007
	Free	371,277	146,125	146,125
	NJEIE	13,852	5,612	5,612
		534,045	213,601	213,601
Breakfast	Paid	32,817	14,403	14,403
	Reduced	17,698	6,821	6,821
	Free	138,752	57,000	57,000
	NJEIE	3,994	1,712	1,712
		193,261	79,936	79,936
TOTAL		1,261,351	507,138	507,138
Summer Food Service (SFSP)	Breakfast	8,668	1,303	1,303
	Lunch	12,032	1,877	1,877
		20,700	3,180	3,180

KEARNY BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Current Assets		
Cash and Cash Equivalents	$	416,425
Due from Other Governments		190,154
		606,579
Current Liabilities		
Less:		
Accounts Payable		(85,250)
Net Cash Resources	$	521,329
Adjusted Total Operating Expense:		
Total Operating Expenses	$	3,761,613
Less Depreciation		(35,027)
Adjusted Total Operating Expense	$	3,726,586
Average Monthly Operating Expense:	$	372,659
Three Times Monthly Average:	$	1,117,976
Total Net Cash Resources	$	521,329
Three Times Monthly Average		1,117,976
Amount Below Allowable Net Cash Resources	$	596,647

KEARNY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2024
SCHEDULE OF AUDITED ENROLLMENTS

	2025-2026 Application for State School Aid						Sample for Verification						On Roll - Special Education			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		Sample for Verifi-cation	Sample Verified	Sample Errors	Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared							
Full Day Preschool 3 Years Old	43		43				11		11										
Full Day Preschool 4 Years Old	228		228				26		26										
Full Day Kindergarten	284		283		1	-	43		43										
Grade 1	308		308				51		51										
Grade 2	292		292				47		47										
Grade 3	271		271				52		52										
Grade 4	228		228				30		30										
Grade 5	277		277				85		85										
Grade 6	285		285				34		34										
Grade 7	321		321				321		321										
Grade 8	318		318				318		318										
Grade 9	398		398				398		398										
Grade 10	355		355				355		355										
Grade 11	376		376				376		376										
Grade 12	388		388				388		388										
Subtotal	4,372	-	4,371	-	1	-	2,535	-	2,535	-	-	-	-	-	-		-	-	-
Sp Ed - Elementary	507		506		1		142		142				34	34		11	4	4	
Sp Ed - Middle School	199		199				123		123				13	13		7	2	2	
Sp Ed - High School	306		306				306		306				21	21		25	8	8	
Subtotal	1,012	-	1,011	-	1	-	571	-	571	-	-		68	68	-	43	14	14	-
Totals	5,384	-	5,382	-	2	-	3,106	-	3,106	-	-	-	68	68	-	43	14	14	-
Percentage Error					0.04%						-	-			-				-

KEARNY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2024
SCHEDULE OF AUDITED ENROLLMENTS

	Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application	Sample Errors
Full Day Kindergarten	237	237		4	4	
Grade 1	260	260		5	5	
Grade 2	245	245		4	4	
Grade 3	230	230		4	4	
Grade 4	213	213		4	4	
Grade 5	244	244		4	4	
Grade 6	241	241		4	4	
Grade 7	264	264		5	5	
Grade 8	262	262		5	5	
Grade 9	302	302		5	5	
Grade 10	236	236		4	4	
Grade 11	255	255		5	5	
Grade 12	271	271		5	5	
Subtotal	3,260	3,260	-	58	58	-
Sp Ed - Elementary	398	397	1	7	7	
Sp Ed - Middle School	180	180		3	3	
Sp Ed - High School	227	227		4	4	
Subtotal	805	804	1	14	14	-
Totals	4,065	4,064	1	72	72	-
Percentage Error			0.02%			0.00%

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Application and Register	Errors
Full Day Kindergarten	72	72		5	5	
Grade 1	76	76		6	6	
Grade 2	76	76		6	6	
Grade 3	69	69		5	5	
Grade 4	65	65		5	5	
Grade 5	61	61		5	5	
Grade 6	41	41		3	3	
Grade 7	62	62		5	5	
Grade 8	59	59		5	5	
Grade 9	75	75		5	5	
Grade 10	62	62		5	5	
Grade 11	53	53		4	4	
Grade 12	51	51		4	3	1
Subtotal	822	822	-	63	62	1
Sp Ed - Elementary	37	37		3	3	
Sp Ed - Middle School	14	14		1	1	
Sp Ed - High School	5	5				
Subtotal	56	56	-	4	4	-
Totals	878	878	-	67	66	1
Percentage Error			0.00%			1.49%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public	-	-	-	-	2	(2)
Regular - Special Ed	12	12	-	3	4	(1)
Special Needs	191	191	-	50	46	4
	203	203	-	53	52	1
Percentage Error			-			1.89%

KEARNY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2024
SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Sample Verified to Register	Errors
Full Day Kindergarten	10	10		3	3	
Grade 1	10	10		3	3	
Grade 2	13	13		4	4	
Grade 3	7	7		3	3	
Grade 4	4	4		1	1	
Grade 5	5	5		2	2	
Grade 6	9	9		3	3	
Grade 7	9	9		3	3	
Grade 8	12	12		4	4	
Grade 9	9	9		3	3	
Grade 10	15	15		5	5	
Grade 11	9	9		3	3	
Grade 12	13	13		4	4	
Subtotal	125	125	-	41	41	-
Sp Ed - Elementary	3	3		1	1	
Sp Ed - Middle School						
Sp Ed - High School	1	1		1	1	
Subtotal	4	4	-	2	2	-
Totals	129	129	-	43	43	-
Percentage Error			0.00%			0.00%

KEARNY BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

2024-2025 Total General Fund Expenditures	$ 154,295,349
Increased by:	
Transfer to Special Revenue Fund	731,345
Transfer to Capital Projects Fund (Capital Reserve)	10,396,046
	165,422,740
Decreased by:	
On-Behalf TPAF Pension & Social Security	26,530,273
Adjusted 2024-2025 General Fund Expenditures	$ 138,892,467
2% of Adjusted 2024-2025 General Fund Expenditures	$ 2,777,849
Allowable Adjustments -	
Extraordinary Aid	429,551
Maximum Unassigned Fund Balance	$ 3,207,400
Total General Fund - Fund Balance at June 30, 2025	$ 51,725,883
Decreased by:	
Year End Encumbrances	2,565,715
Other Restricted Fund Balances -	
Capital Reserve	40,718,631
Maintenance Reserve	4,160,408
Adult Education Programs	64,801
Unemployment Compensation Reserve	973,027
Designated for Subsequent Year's Budget	35,901
Total Unassigned Fund Balance	$ 3,207,400
Amount Below Maximum Unassigned Fund Balance	$ 0

KEARNY BOARD OF EDUCATION
RECOMMENDATIONS

I. **Administrative Practices and Procedures**

There are none.

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

There are none.

III. **School Purchasing Program**

There are none.

IV. **School Food Service**

There are none.

V. **Student Body Activities**

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

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.