

**GARFIELD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

**GARFIELD 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
Garfield Board of Education
Garfield, 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 Garfield Board of Education, State of New Jersey as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 15, 2019.

As part of our audit, we performed procedures required by the 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 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 15, 2019

**GARFIELD 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 Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education and 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 Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Giovanni Cusmano	Assistant Superintendent of Finance/ Board Secretary	\$150,000
Kenneth Sesholtz	Treasurer of School Monies/ Board Secretary	430,000

There is public employee dishonesty with faithful performance coverage for all other employees with coverage of \$100,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certifications and proper itemization.

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 fringe benefits were deposited in the payroll agency account.

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

Salary withholdings were promptly remitted to the District's payroll service provider for submission to the proper agencies. In addition, the District remitted the health benefit withholdings due to the General Fund in a timely manner.

The District maintains a personnel tracking and accounting (Position Control) system.

The required certification (E-Cert1) of compliance with requirements of income tax on compensation of District Administration was filed with the NJ Department of Treasury by the due date.

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

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

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6-13 and N.J.S.A. 18A:11-12.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Finding – A detailed tuition billing and accounts receivable ledger was not maintained and updated for special education students attending the District.

Recommendation – A billing and accounts receivable ledger be maintained and updated for tuition charged for special education students attending the District.

Treasurer's Records

The Treasurer's bank reconciliations were in agreement with the records of the Board Secretary.

The Treasurer's cash balances were in agreement with the reconciled cash balance as determined during the audit.

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

Financial Planning, Accounting and Reporting (Continued)

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

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, II, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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

Finding (CAFR Finding 2019-003) – Our audit of the District's Extraordinary Aid application revealed that student enrollment forms were not in agreement with student Individualized Education Plans (IEP) and related tuition contract information.

Recommendation – The Extraordinary Aid application be reviewed to ensure all services and costs reported on the student enrollment form are properly reflected in the students Individual Education Plan (IEP) and in agreement with the tuition contract.

I.D.E.A.

Separate accounting records were maintained for each approved project. Grant applications approvals and acceptance of grant funds were made by Board resolution.

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.

Finding (CAFR Finding 2019-002) – Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA excluded certain pensionable wages.

Recommendation – The District review with its payroll service vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based on pensionable wages subject to FICA.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of expenditure charged to the current year's Final Report for all federal awards for the school 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 not made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**GARFIELD 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

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is currently \$19,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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 obtained before a commitment is made.

The results of our examination did indicate that individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been advertising for bids, in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Finding (CAFR Finding 2019-001) – Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- A contract awarded in excess of the bid threshold was not approved in the minutes.
- Supporting detail for purchases made in accordance with State and cooperative purchasing contracts was not available.
- Quotes were not available for services rendered in excess of that quote threshold.

Recommendation – Continued efforts be made to be in compliance with requirements of the Local Public Contracts Law.

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 that purchases were made through the use of state contracts.

School Food Service

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

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 N.J.S.A 18A:17-34, 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 break even. The operating results provision has been met.

Expenditures are separately recorded as food, labor and other costs. 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 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 expenditures.

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

School Food Service (Continued)

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/certified in a timely manner. No exceptions noted.

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.

U.S.D.A. Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Non-program foods were purchased, prepared, sold, or offered for sale. The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue AND program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B4-B6 of the CAFR.

Finding – Sales reported per the food service management company’s operating statement exceeded sales per the District records by approximately \$100,000.

Recommendation – Food service management company’s sales records be reconciled with the District’s sales records on a monthly basis.

Student Body Activities

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

Cash receipts were promptly deposited for student activity accounts.

Cash disbursements had proper supporting documentation.

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 disabled, related services, low income and bilingual. 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. The information that was included on the workpapers was verified with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District did maintain workpapers on the prescribed state forms or their equivalent for all reporting categories.

The District has adequate written procedures for the recording of student enrollment data.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exemptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Since the District is classified as an At Risk School District, a portion of the SDA grant activity is conducted by the State on behalf of the Board. This on-behalf grant activity is reported in the District's financial statements as State aid revenue and capital outlay expenditures in the Capital Projects Fund.

With respect to direct SDA grants to the District, our procedures included a review of the SDA grant agreements for consistence with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve account and awarding of contracts for eligible facilities construction.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Follow-up Prior Year Findings

In accordance with government standards, our procedures included a review of all prior year recommendations.

Suggestions to Management

- It is suggested that the unearned revenues in the General and Special Revenue Funds in the amount of \$55,682 be reviewed and cleared of record.
- It is suggested that the District continue its efforts that have been implemented to collect the accounts receivable balance due from students for unpaid meals.

**GARFIELD BOARD OF EDUCATION
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Total Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	114,424	47,161	47,161	
	Reduced	67,831	27,728	27,728	
	Free	<u>318,332</u>	<u>132,789</u>	<u>132,789</u>	<u>-</u>
		<u>500,587</u>	<u>207,678</u>	<u>207,678</u>	<u>-</u>
Breakfast	Paid	46,591	19,181	19,181	
	Reduced	20,358	8,336	8,336	
	Free	<u>115,608</u>	<u>47,721</u>	<u>47,721</u>	<u>-</u>
		<u>182,557</u>	<u>75,238</u>	<u>75,238</u>	<u>-</u>
After School Snacks	Free	<u>91,324</u>	<u>37,893</u>	<u>37,893</u>	<u>-</u>
TOTAL		<u>774,468</u>	<u>320,809</u>	<u>320,809</u>	<u>-</u>

**GARFIELD BOARD OF EDUCATION
NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	5,274
Accounts Receivable		368,348

Current Liabilities

Less:		
Unearned Revenue		(28,140)

Net Cash Resources	\$	<u>345,482</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	2,564,979
Less Depreciation		<u>73,374</u>

Adjusted Total Operating Expense	\$	<u>2,491,605</u>
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<u>Average Monthly Operating Expense:</u>	\$	<u>249,161</u>
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<u>Three Times Monthly Average:</u>	\$	<u>747,482</u>
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Total Net Cash Resources	\$	345,482
Three Times Monthly Average		<u>747,482</u>

Net Cash Resources below Three Month Average Expenses	\$	<u>(402,000)</u>
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**GARFIELD BOARD OF EDUCATION
ASSA
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 for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool - 3 years	297		297		-	-	112		109		3	-				
Full Day Preschool - 4 years	329		329		-	-	74		74		-	-				
Full Day Kindergarten	365		365		-	-	59		59		-	-				
One	316		316		-	-	37		37		-	-				
Two	286		286		-	-	37		37		-	-				
Three	277		277		-	-	37		37		-	-				
Four	285		285		-	-	34		34		-	-				
Five	284		284		-	-	47		47		-	-				
Six	272		272		-	-	272		272		-	-				
Seven	291		291		-	-	291		291		-	-				
Eight	257		257		-	-	257		257		-	-				
Nine	220		220		-	-	220		220		-	-				
Ten	222	14	222	14	-	-	222		223		(1)	-				
Eleven	236	6	236	6	-	-	236		236		-	-				
Twelve	204		204		-	-	208		209		(1)	-				
Adult High School(15+ Credits)	4		4		-	-					-	-				
Subtotal	4,145	20	4,145	20	-	-	2,143	-	2,142	-	1	-	-	-	-	-
Spec Ed - Elementary	387		387		-	-	55		55		-	-	5	4	4	-
Spec Ed- Middle School	196		196		-	-	196		201		(5)	-	5	4	4	-
Spec Ed - High School	170	4	170	4	-	-	170		172		(2)	-	12	10	10	-
Subtotal	753	4	753	4	-	-	421	-	428	-	(7)	-	22	18	18	-
Totals	4,898	24	4,898	24	-	-	2,564	-	2,570	-	(6)	-	22	18	18	-
Percentage Error					0.00%	0.00%					-0.23%	0.00%				0.00%

**GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2019**

	Resident Low Income			Sample for Verification			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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-School (3 Yrs)			-			-			-			-
Full Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten	216.0	216.0	-	6.0	6.0	-	23.0	23.0	-	5.0	4.0	1.0
One	209.0	209.0	-	5.0	5.0	-	27.0	27.0	-	5.0	5.0	-
Two	184.0	184.0	-	5.0	5.0	-	12.0	12.0	-	3.0	3.0	-
Three	181.0	181.0	-	4.0	4.0	-	11.0	11.0	-	2.0	2.0	-
Four	183.0	183.0	-	5.0	5.0	-	11.0	11.0	-	2.0	2.0	-
Five	185.0	185.0	-	5.0	5.0	-	11.0	11.0	-	2.0	1.0	1.0
Six	171.0	171.0	-	4.0	4.0	-	6.0	6.0	-	1.0	1.0	-
Seven	176.0	176.0	-	4.0	4.0	-	16.0	16.0	-	4.0	4.0	-
Eight	154.0	154.0	-	4.0	4.0	-	12.0	12.0	-	2.0	2.0	-
Nine	148.0	148.0	-	3.0	3.0	-	12.0	12.0	-	3.0	3.0	-
Ten	154.0	154.0	-	4.0	4.0	-	12.0	12.0	-	2.0	1.0	1.0
Eleven	153.0	153.0	-	4.0	4.0	-	16.0	16.0	-	3.0	3.0	-
Twelve	138.0	138.0	-	3.0	3.0	-	11.0	11.0	-	2.0	2.0	-
Subtotal	2,252.0	2,252.0	-	56.0	56.0	-	180.0	180.0	-	36.0	33.0	3.0
Spec Ed - Elementary	285.0	285.0	-	7.0	7.0	-	6.0	6.0	-	2.0	2.0	-
Spec Ed- Middle School	148.0	148.0	-	4.0	4.0	-	4.0	4.0	-	1.0	1.0	-
Spec Ed - High School	138.0	138.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
Training School			-			-			-			-
Juv Detention			-			-			-			-
	571.0	571.0	-	15.0	15.0	-	11.0	11.0	-	4.0	4.0	-
Totals	2,823.0	2,823.0	-	71.0	71.0	-	191.0	191.0	-	40.0	37.0	3.0

Percentage Error 0.00% 0.00% 0.00% 7.50%

	Transportation					
	Reported on DRTRS by District	Reported on DRTRS by DOE	Errors	Tested	Verified	Errors
Regular Public Schools	203.0	203.0	-	28.0	28.0	-
Transported Non-Public	32.0	32.0	-	4.0	4.0	-
Regular Special Ed.	87.0	87.0	-	12.0	10.0	2.0
Special Needs or OOD	139.0	139.0	-	19.0	19.0	-
Totals	461.0	461.0	-	63.0	61.0	2.0

Percentage Error 0.00% 3.17%

**GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2019**

	LEP Not 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 Register	Sample Errors
Full Day Pre-School (3 Yrs)			-			-
Full Day Pre-School (4 Yrs)			-			-
Full Day Kindergarten	16.0	16.0	-	3.0	3.0	-
One	10.0	10.0	-	2.0	2.0	-
Two	7.0	7.0	-	1.0	1.0	-
Three	3.0	3.0	-	1.0	1.0	-
Four	5.0	5.0	-	1.0	1.0	-
Five	2.0	2.0	-	1.0	1.0	-
Six	6.0	6.0	-	1.0	1.0	-
Seven	5.0	5.0	-	1.0	1.0	-
Eight	7.0	7.0	-	1.0	1.0	-
Nine	8.0	8.0	-	2.0	2.0	-
Ten	4.0	4.0	-	1.0	1.0	-
Eleven	6.0	6.0	-	1.0	1.0	-
Twelve	6.0	6.0	-	1.0	1.0	-
Subtotal	85.0	85.0	-	17.0	17.0	-
Spec Ed - Elementary	2.0	2.0	-	1.0	1.0	-
Spec Ed- Middle School			-			-
Spec Ed - High School			-			-
	2.0	2.0	-	1.0	1.0	-
Totals	87.0	87.0	-	18.0	18.0	-

Percentage Error 0.00% 0.00%

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

SECTION 1B

A. 2% Calculation of Excess Surplus

2018-2019 Total General Fund Expenditures reported on Exhibit C-1	\$ 104,602,934	
Increased by Applicable Operating Transfers		
Transfer to Special Revenue Fund - Preschool Education	1,451,616	
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	(638,973)	
2018-2019 Adjusted General Fund & Other State Expenditures		\$ 105,415,577
Decreased by:		
On-Behalf TPAF Pension & Social Security		(14,373,744)
Assets Acquired Under Capital Leases		(302,364)
Adjusted 2018-2019 General Fund Expenditures		\$ 90,739,469
2% of Adjusted 2018-2019 General Fund Expenditures		\$ 1,814,789
Enter Greater of 2% of Adjusted 2018-2019 General Fund Expenditures or \$250,000		\$ 1,814,789
Increased by: Allowable Adjustments		
Extraordinary Aid	\$ 279,853	
Nonpublic Transportation Aid	9,280	
		289,133
Maximum Unassigned Fund Balance		\$ 2,103,922

SECTION 2

Total General Fund - Fund Balances at June 30, 2019 (Per CAFR Budgetary Comparison schedule/statement)		\$ 4,926,368
Decreased by:		
Year End Encumbrances	\$ 46,751	
Capital Reserve	1	
Excess Surplus - Designated for Subsequent Year's Expenditures	1,187,076	
Designated for Subsequent Years Expenditures	1,670,621	
		2,904,449
Total Unassigned Fund Balance		\$ 2,021,919

SECTION 3 - All Districts

Fund Balance - Excess Surplus		\$ -
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Recapitulation of Excess Surplus as of June 30, 2019

Excess Surplus		\$ -
Total Excess Surplus		\$ -

**GARFIELD BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Encumbrances per the June 30, 2019

Board Secretary Report (Funds 11, 12, 13)				\$ 46,752
<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Canc./Recl. Through Audit Adjustments</u>	
Audit Fees	<u>46,500</u>	<u>46,500</u>	<u>-</u>	
Total Audited	<u>46,500</u>	<u>46,500</u>	<u>-</u>	
Unaudited	<u>-</u>	<u>-</u>	<u>-</u>	
Total Encumbrances	<u>46,500</u>	<u>46,500</u>	<u>-</u>	
Total Encumbrances Cancelled During the Audit				<u>-</u>
Sub-total Fund Balance Reserved for Encumbrances				46,752
Add: Unrecorded Encumbrances				<u>-</u>
Fund Balance Reserved for Encumbrances in the CAFR (Funds 11,12 and 13)				<u>\$ 46,752</u>

**GARFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. A billing and accounts receivable ledger be maintained and updated for tuition charged for special education students attending the District.
- * 2. The Extraordinary Aid application be reviewed to ensure all services and costs reported on the student enrollment form are properly reflected in the students Individualized Education Plan (IEP) and in agreement with the tuition contract.
- * 3. The District review with its payroll service vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based on pensionable wages subject to FICA.

III. School Purchasing Program

- * It is recommended that continued efforts be made to be in compliance with the requirements of the Local Public Contracts Law.

IV. Food Service Fund

It is recommended that food service management company's sales records be reconciled with the District's sales records on a monthly basis.

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.

**GARFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except the recommendations denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins
Public School Accountant
Certified Public Accountant