

Auditor's Management Report

for the

*Borough of Garwood
School District*

in the

*County of Union
New Jersey*

for the

*Fiscal Year Ended
June 30, 2020*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

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Tax ID Number 22-600242



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Garwood School District
County of Union
Garwood, New Jersey 07027

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Garwood School District in the County of Union for the year ended June 30, 2020, and have issued our report dated December 21, 2020.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Borough of Garwood School District, County of Union, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

December 21, 2020

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

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 Borough of Garwood School District, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance (N.J.S.A. 18A:17-26, 18A: 17-32)

Insurance coverage was carried in the amounts as detailed in the District's CAFR (See Exhibit "J-20").

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
Debi LeBrun/Ana Pfalzgraf	Board Secretary/Business Administrator	\$190,000.00
Raymond Krov	Treasurer of School Monies	\$190,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The salaries of all employees of the Board and the Board's required payroll contributions were deposited in the net payroll, payroll agency, and flexible spending accounts as applicable.

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

Salary withholdings were promptly remitted to the proper agencies.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

Payroll Account (Continued)

Our audit of the district's payroll accounts and payroll processing functions also revealed:

2020-01 Finding: There is no evidence the district is in compliance with N.J.A.C. 5:30-17 in that there appears to be no board authorization to utilize the R&L payroll service and its tax and direct deposit service subcontractors, there is no approval designating an approval officer responsible for authorizing and supervising the activities of the payroll provider, and no evidence of a contract with R&L on file. Also no evidence of risk mitigating procedures occurring such as business office using federal and state websites to verify the tax withholdings were received by the appropriate entities.

***2020-01 Recommendation:** That the district take the required steps to comply with the provisions of N.J.A.C. 5:30-17 for the utilization of 3rd party payroll services.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Reserve for Encumbrances, Liability (Current) for Accounts Payable

A review of outstanding purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

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 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 errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

Board Secretary's Records

Our review of the financial records and books of account of the Board Secretary disclosed the following:

2020-02 Finding: The district made appropriations of surplus without approval as required by N.J.A.C. 6A:23A-13.3. Reversal of these unapproved transfers has resulted in over-expenditure of certain line items.

2020-02 Recommendation: That the district improve controls and procedures over appropriation transfer approvals.

2020-03 Finding: Our examination of the financial accounting records of the District revealed a consistent pattern of receipts being misclassified and dated improperly, and non-cash journal entries missing or inaccurate, resulting in ending balances for numerous accounts requiring adjustments.

***2020-03 Recommendation:** That the District improve procedures and controls to ensure the accuracy of the financial accounting records maintained by the board secretary.

2020-04 Finding: Our examination of the finance reports approved in the minutes each month revealed that cash balances per the board secretary do not match to reconciled balances per the treasurer's reconciliations. Adjustments recommended per the treasurer's review are not being entered into the District's accounting system.

***2020-04 Recommendation:** That the District improve procedures and controls to ensure that all board secretary reports match to the reconciled cash balances in the treasurer's reports each month.

2020-05 Finding: The District did not receive from the Borough of Garwood the full amount of district taxes due by June 30, 2020 in accordance with N.J.S.A. 54:4-75.

2020-05 Recommendation: That the District collect all taxes due by June 30 in accordance with NJSA 54:4-75.

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and independently maintained from the Board Secretary/Board Administrator.

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

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

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B 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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Our audit procedures also included a test of the reimbursement of the employer share of pensions, group life insurance, FICA and other benefits of the Teacher's Pension and Annuity Fund for TPAF members carrying out and paid from federally funded programs in accordance with N.J.S.A. 18A:66-90. The District filled out the required form and submitted it for audit. Our test included verification of eligible employees to be included, and, if applicable, a recalculation to verify proper amounts were used. No exceptions were noted.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 States:

"a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$29,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

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 solicitor'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.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

2020-06 Finding: Our examination of the district's professional services contracts revealed instances where only an hourly rate was approved, but no specific maximum amount or 'not to exceed' amount was mentioned in the minutes.

***2020-06 Recommendation:** That all professional services contracts be awarded with either a specific total or 'not to exceed' amount mentioned in the board minutes.

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.

SCHOOL FOOD SERVICE FUND

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, SFAs 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 SFAs 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.

SFAs 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 Services were maintained in satisfactory condition. 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 and accurate recording. 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 vouchers were properly computed and timely filed. Meals claimed agreed with the meal count records tested. The following exceptions were noted:

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL FOOD SERVICE FUND (CONTINUED)

2020-07 Finding: The food service fund's general ledger only included cash transactions. No accounting was done for accruals of accounts receivables, changes in inventory, depreciation expense, or unearned revenue. Also, for portions of the year, receipts were recorded from the bank statement instead of from source documents and did not account for deposits in transit.

***2020-07 Recommendation:** That the District fully maintain a general ledger for the food service fund including non-cash entries.

Applications for free and reduced meals were reviewed for completeness and accuracy. The number of free and reduced meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

Expenditures were 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. No exceptions were noted. Payroll records were maintained on all school food service employees. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. Exhibits reflecting Child Nutrition Program operations are included in Exhibits B-4, B-5, and B-6 of the CAFR.

An examination of the fund's year end balances was made and the required Net Cash Resources calculation was performed, revealing the following:

2020-08 Finding: Our examination of the District's food service fund balances at year end revealed that the net cash resources exceeds three months average expenditures.

2020-08 Recommendation: That the District review procedures to ensure that net cash resources in the food service fund do not exceed three months average expenditures in compliance with 7CFR210:14.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL FOOD SERVICE FUND (CONTINUED)

National Food Distribution Commodities were received and an inventory was maintained on a first-in, first-out basis.

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

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

STUDENT BODY ACTIVITIES

Student Activities and Athletics Accounts

The District maintains a General Activity Account and an Athletic Account. Our examination of these accounts revealed:

2020-09 Finding: Receipts and disbursements ledgers, monthly bank reconciliations, and an analysis of sub-account balances by each club/function were not maintained.

***2020-09 Recommendation:** That the District maintain receipts and disbursement ledgers, perform monthly bank reconciliations, and continuously analyze the balances by each club/function in the student activities and athletic accounts.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information that was included on the workpapers was verified without exception.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

PUPIL TRANSPORTATION

Our audit procedures included a test of on-roll status reported in the 2019-20 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our procedures included review of transfers of local funds from the general fund or from the capital reserve account, awarding of contracts for eligible facilities construction, and the District's capital assets ledger. Our audit revealed the following:

2020-10 Finding: The District did not update the capital assets ledger to include fiscal year 2020 additions and did not make suggested agreed upon adjustments from the prior audit.

***2020-10 Recommendation:** That the District maintain an accurate and detailed capital assets ledger.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

Our procedures included examination and interviews regarding the district's compliance with N.J.A.C. 26-1.2 and 12.4 relating to the testing for lead in drinking water. 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). No exceptions were noted.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. The items noted on the following page with an "*" are repeat unresolved items.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

*2020-01 Recommendation: That the district take the required steps to comply with the provisions of N.J.A.C. 5:30-17 for the utilization of 3rd party payroll services.

2020-02 Recommendation: That the district improve controls and procedures over appropriation transfer approvals.

*2020-03 Recommendation: That the District improve procedures and controls to ensure the accuracy of the financial accounting records maintained by the board secretary.

*2020-04 Recommendation: That the District improve procedures and controls to ensure that all board secretary reports match to the reconciled cash balances in the treasurer's reports each month.

2020-05 Recommendation: That the District collect all taxes due by June 30 in accordance with NJSA 54:4-75.

3. School Purchasing Program

*2020-06 Recommendation: That all professional services contracts be awarded with either a specific total or 'not to exceed' amount mentioned in the board minutes.

4. School Food Service

*2020-07 Recommendation: That the District fully maintain a general ledger for the food service fund including non-cash entries.

2020-08 Recommendation: That the District review procedures to ensure that net cash resources in the food service fund do not exceed three months average expenditures in compliance with 7CFR210::14.

5. Student Body Activities

* 2020-09 Recommendation: That the District maintain receipts and disbursement ledgers, perform monthly bank reconciliations, and continuously analyze the balances by each club/function in the student activities and athletic accounts.

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

* 2020-10 Recommendation: That the District maintain an accurate and detailed capital assets ledger.

9. Status of Prior Year's Findings/Recommendations

Items noted above with an "*" are repeated/unresolved findings.

BOROUGH OF GARWOOD SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	2020-21 Application for State School Aid						Sample for Verification						Private School for Handicapped						
	Reported on A.S.A. as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported as Private Schools		Sample Verification		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Kindergarten																			
One	32		32				15					15							
Two	33		33				16					16							
Three	30		30				15					15							
Four	40		40				19					19							
Five	25		25				12					12							
Six	36		36				17					17							
Seven	36		36				17					17							
Eight	26		26				13					13							
Subtotal	36		36				17					17							
	294		294				141					141							
SpEd Elementary	36		37		-1		17					17			1		1		1
SpEd Middle School	28		27		1		13					13			1		1		1
SpEd High School																			
Subtotal	64		64				30					30			2		2		2
Totals	358		358				171					171			2		2		2
Percentage																			

BOROUGH OF GARWOOD SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.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.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	5	5	0	2	2	0	0	0	0	0	0	0
One	5	3	-2	2	2	0	0	0	0	0	0	0
Two	4	3	-1	2	2	0	0	0	0	0	0	0
Three	5	2	-3	2	2	0	0	0	0	0	0	0
Four	5	3	-2	2	2	0	0	0	0	0	0	0
Five	5	4	-1	3	3	0	1	1	1	1	1	0
Six	7	2	-5	3	3	0	0	0	0	0	0	0
Seven	4	2	-2	2	2	0	0	0	0	0	0	0
Eight	6	2	-4	3	3	0	0	0	0	0	0	0
Nine	4	4	0	2	2	0	0	0	0	0	0	0
Ten	3	3	0	2	2	0	0	0	0	0	0	0
Eleven	2	2	0	1	1	0	0	0	0	0	0	0
Twelve	4.5	4.5	0	2	2	0	1	1	1	1	1	0
Subtotal	59.5	39.5	-20	28	28	0	2	2	0	2	2	0
SpEd Elementary	10	7	-3	5	5	0	0	0	0	0	0	0
SpEd Middle School	8	8	0	3	3	0	0	0	0	0	0	0
SpEd High School	1.0	1.0	0	1	1	0	0	0	0	0	0	0
Subtotal	19.0	16.0	-3	9	9	0	0	0	0	0	0	0
Totals	78.5	55.5	-23	37	37	0	2	2	0	2	2	0
Percentage Error			-29.30%			0.00%			0.00%			0.00%

	Transportation		
	Reported on DTRTS by DOE	Reported on DTRTS by District	Errors
Reg.Public Schools.col.1	134	134	0
Transported - Non-Public col.2	0	0	0
Transported - Non-Public ALL, col.3	0	0	0
Reg. - SpEd, Col.4	9	9	0
Special Ed Spec, col.6	10	10	0
Totals	153	153	0
Percentage Error			0.00%

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	0	0	0	0	0	0
One	0	0	0	0	0	0
Two	1	1	0	1	1	0
Three	0	0	0	0	0	0
Four	0	0	0	0	0	0
Five	0	0	0	0	0	0
Six	0	0	0	0	0	0
Seven	0	0	0	0	0	0
Eight	0	0	0	0	0	0
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
SpEd Elementary	0	0	0	0	0	0
SpEd Middle School	0	0	0	0	0	0
SpEd High School	0	0	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION 1

2% Calculation of Excess Surplus (2019-20 expenditures of \$100 million or less)

2019 - 2020 Total General Fund Expenditures	<u>10,543,699.46</u>	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>887,558.15</u>	
Assets acquired under Capital Leases	<u>139,448.78</u>	
Adjusted 2019 - 2020 General Fund Expenditures		<u>9,516,692.53</u>
2% of Adjusted 2019 - 2020 General Fund Expenditures		<u>190,333.85</u>
Greater of line above or \$250,000.00		<u>250,000.00</u>
Increased by: Allowable Adjustment		<u>53,694.00</u>
Maximum Unreserved/Undesignated Fund Balance		<u>303,694.00</u>

SECTION 2

Total General Fund Balances @ 6-30-20	<u>1,167,699.81</u>	
Decreased by:		
Legally Restricted-Excess Surplus-Designated For Subsequent Year's Expenditures	<u>210,000.00</u>	
Assigned Fund Balance-Unreserved-Designated For Subsequent Year's Expenditures	<u>62,362.00</u>	
Other Restricted Fund Balances (Capital Reserve, Maintenance Reserve, Tuition Reserve)	<u>422,844.22</u>	
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation		<u>472,493.59</u>

SECTION 3

Reserved Fund Balance-Excess Surplus	<u>168,799.59</u>
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Recapitulation of excess surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	<u>210,000.00</u>
Reserved Excess Surplus	<u>168,799.59</u>
Total	<u>378,799.59</u>

Detail of Allowable Adjustments

Additional/Unbudgeted Extraordinary Aid	<u>53,694.00</u>
	<u>53,694.00</u>

