

**GARFIELD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

**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, 2021, and have issued our report thereon dated February 16, 2022.

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
February 16, 2022

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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
Matthew Paladino	Treasurer of School Monies	500,000

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, 2021**

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.

Finding – 2021-1 – Our audit revealed that the balance of the payroll purchase order was not closed out and remained encumbered at year end.

Recommendation – Open payroll purchase orders be reviewed at year end and encumbrance balances properly adjusted.

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).

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.

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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

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.

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 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is currently \$19,600.

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 – 2021-2 - Our audit of purchases related to compliance with the Public School Contracts Law revealed that vendors paid in excess of the bid threshold were not approved in the Board minutes.

Recommendation – Vendors paid in excess of the bid threshold be approved in the Board minutes.

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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

School Food Service

COVID – 19 EMERGENCY

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

During SY 2020-2021 the public health emergency was still applicable. 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) or the Summer Food Service Program (SFSP) option.

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 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.

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 not apply for and receive a loan in accordance with the Payroll Protection Plan.

Finding – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education. No recommendation is warranted as a result of COVID-19 and the requirement to provide services in accordance with the regulations governing the National School Nutrition Seamless Summer Option.

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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

School Food Service (Continued)

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.

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, 2020 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 no exceptions. The information that was included on the workpapers was verified with no 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.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with immaterial exceptions. 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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

**GARFIELD BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified to Individual School Tally Sheets</u>	<u>Difference</u>	<u>Rate per Meal</u>	<u>Total Over (Under) Claim Amount</u>
National School Lunch	SSO	<u>935,140</u>	<u>227,670</u>	<u>227,335</u>	<u>335</u>	\$ 3.66	<u>\$ 1,226</u>
	Total Lunch	<u>935,140</u>	<u>227,670</u>	<u>227,335</u>	<u>335</u>		<u>1,226</u>
National School Breakfast	SSO	<u>935,140</u>	<u>227,670</u>	<u>228,469</u>	<u>(799)</u>	\$ 2.26	<u>(1,806)</u>
	Total Breakfast	<u>935,140</u>	<u>227,670</u>	<u>228,469</u>	<u>(799)</u>		<u>(1,806)</u>
	Total	<u>1,870,280</u>	<u>455,340</u>	<u>455,804</u>	<u>(464)</u>		<u>\$ (580)</u>

**GARFIELD BOARD OF EDUCATION
NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	1,674,816
Accounts Receivable		909,912

Current Liabilities

Less:		
Unearned Revenue		(19,349)

Net Cash Resources	\$	<u>2,565,379</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	3,602,040
Less Depreciation		<u>(67,138)</u>

Adjusted Total Operating Expense	\$	<u>3,534,902</u>
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<u>Average Monthly Operating Expense:</u>	\$	<u>353,490</u>
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<u>Three Times Monthly Average:</u>	\$	<u>1,060,471</u>
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Total Net Cash Resources	\$	2,565,379
Three Times Monthly Average		<u>1,060,471</u>

Net Cash Resources Exceeds Three Month Average Expenses	\$	<u>1,504,908</u>
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GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2020

	2020/2021 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	159		159		-	-	44		44		-	-				
Full Day Preschool - 4 years	284		284		-	-	27		27		-	-				
Full Day Kindergarten	326		326		-	-	40		40		-	-				
One	320		320		-	-	32		32		-	-				
Two	302		302		-	-	46		46		-	-				
Three	237		237		-	-	36		36		-	-				
Four	258		258		-	-	28		28		-	-				
Five	249		249		-	-	53		53		-	-				
Six	250		250		-	-	250		250		-	-				
Seven	273		273		-	-	273		273		-	-				
Eight	270		270		-	-	270		270		-	-				
Nine	259		259		-	-	259		259		-	-				
Ten	232	5	232	5	-	-	232		232		-	-				
Eleven	205	6	205	6	-	-	205		205		-	-				
Twelve	232	10	232	10	-	-	232		232		-	-				
Adult High School(15+ Credits)					-	-					-	-				
Subtotal	3,856	21	3,856	21	-	-	2,027	-	2,027	-	-	-	-	-	-	-
Spec Ed - Elementary	380		380		-	-	51		51		-	-	2	2	2	-
Spec Ed- Middle School	195		195		-	-	195		195		-	-	10	7	7	-
Spec Ed - High School	210	1	210	1	-	-	210		210		-	-	15	13	12	1
Subtotal	785	1	785	1	-	-	456	-	456	-	-	-	27	22	21	1
Totals	4,641	22	4,641	22	-	-	2,483	-	2,483	-	-	-	27	22	21	1
Percentage Error					0.00%	0.00%					0.00%	0.00%				4.55%

**GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2020**

	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	176.0	176.0	-	5.0	5.0	-	19.0	19.0	-	4.0	4.0	-
One	192.0	192.0	-	5.0	5.0	-	17.0	17.0	-	3.0	3.0	-
Two	172.0	172.0	-	4.0	4.0	-	17.0	17.0	-	3.0	3.0	-
Three	158.0	158.0	-	4.0	4.0	-	11.0	11.0	-	2.0	2.0	-
Four	171.0	171.0	-	4.0	4.0	-	6.0	6.0	-	1.0	1.0	-
Five	161.0	161.0	-	4.0	4.0	-	7.0	7.0	-	1.0	1.0	-
Six	152.0	152.0	-	4.0	4.0	-	4.0	4.0	-	1.0	1.0	-
Seven	197.0	197.0	-	5.0	5.0	-	7.0	7.0	-	1.0	1.0	-
Eight	186.0	186.0	-	5.0	5.0	-	9.0	9.0	-	2.0	2.0	-
Nine	172.0	172.0	-	4.0	4.0	-	14.0	14.0	-	3.0	3.0	-
Ten	148.0	148.0	-	4.0	4.0	-	11.0	11.0	-	2.0	2.0	-
Eleven	143.5	143.5	-	4.0	4.0	-	13.0	13.0	-	3.0	3.0	-
Twelve	168.0	168.0	-	4.0	4.0	-	7.0	7.0	-	1.0	1.0	-
Subtotal	2,196.5	2,196.5	-	56.0	56.0	-	142.0	142.0	-	27.0	27.0	-
Spec Ed - Elementary	258.0	258.0	-	7.0	7.0	-	6.0	6.0	-	1.0	1.0	-
Spec Ed- Middle School	159.0	159.0	-	4.0	4.0	-	4.0	4.0	-	1.0	1.0	-
Spec Ed - High School	156.5	156.5	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
Training School			-			-			-			-
Juv Detention			-			-			-			-
	573.5	573.5	-	15.0	15.0	-	11.0	11.0	-	3.0	3.0	-
Totals	2,770.0	2,770.0	-	71.0	71.0	-	153.0	153.0	-	30.0	30.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by District	Reported on DRTRS by DOE	Errors	Tested	Verified	Errors
Regular Public Schools	212.0	212.0	-	39.0	39.0	-
Transported Non-Public	22.0	22.0	-	4.0	4.0	-
Regular Special Ed.	44.0	44.0	-	8.0	8.0	-
Special Needs or OOD	55.0	55.0	-	9.0	9.0	-
Totals	333.0	333.0	-	60.0	60.0	-
			<u>0.00%</u>			<u>0.00%</u>

GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2020

	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	26.0	26.0	-	4.0	4.0	-
One	21.0	21.0	-	4.0	4.0	-
Two	26.0	26.0	-	5.0	5.0	-
Three	8.0	8.0	-	2.0	2.0	-
Four	12.0	12.0	-	2.0	2.0	-
Five	7.0	7.0	-	1.0	1.0	-
Six	12.0	12.0	-	2.0	2.0	-
Seven	6.0	6.0	-	1.0	1.0	-
Eight	4.0	4.0	-	1.0	1.0	-
Nine	6.0	6.0	-	1.0	1.0	-
Ten	5.0	5.0	-	1.0	1.0	-
Eleven	6.0	6.0	-	1.0	1.0	-
Twelve	4.0	4.0	-	1.0	1.0	-
Subtotal	143.0	143.0	-	26.0	26.0	-
Spec Ed - Elementary	2.0	2.0	-	1.0	1.0	-
Spec Ed- Middle School	-	-	-	-	-	-
Spec Ed - High School	1.0	1.0	-	1.0	1.0	-
	3.0	3.0	-	2.0	2.0	-
Totals	146.0	146.0	-	28.0	28.0	-

Percentage Error 0.00% 0.00%

**GARFIELD BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1B

A. 4% Calculation of Excess Surplus

2020-2021 Total General Fund Expenditures reported on Exhibit C-1	\$ 108,652,132	
Increased by Applicable Operating Transfers		
Transfer to Special Revenue Fund - Preschool Education	1,139,420	
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	<u>(498,774)</u>	
2020-2021 Adjusted General Fund & Other State Expenditures		\$ 109,292,778
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(18,768,561)</u>
Adjusted 2020-2021 General Fund Expenditures		<u>\$ 90,524,217</u>
4% of Adjusted 2020-2021 General Fund Expenditures		<u>\$ 3,620,969</u>
Enter Greater of 4% of Adjusted 2020-2021 General Fund Expenditures or \$250,000		\$ 3,620,969
Increased by: Allowable Adjustments		
Extraordinary Aid		679,540
Nonpublic Transportation Aid		<u>25,120</u>
Maximum Unassigned Fund Balance		<u>\$ 4,325,629</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2021 (Per CAFR Budgetary Comparison schedule/statement)		\$ 10,583,630
Decreased by:		
Year End Encumbrances	\$ 330,235	
Capital Reserve	1	
Excess Surplus - Designated for Subsequent Year's Expenditures	1,819,888	
Unemployment Compensation Reserve	632,599	
Designated for Subsequent Year's Expenditures	<u>1,728,420</u>	
		<u>4,511,143</u>
Total Unassigned Fund Balance		<u>\$ 6,072,487</u>

SECTION 3

Restricted Fund Balance - Excess Surplus		<u>\$ 1,746,858</u>
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Recapitulation of Excess Surplus as of June 30, 2021

Excess Surplus		\$ 1,746,858
Excess Surplus - Designated for Subsequent Year's Expenditures		<u>1,819,888</u>
Total Excess Surplus		<u>\$ 3,566,746</u>

**GARFIELD BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Encumbrances per the June 30, 2021

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Canc./Recl. Through Audit Adjustments</u>	
Board Secretary Report (Funds 11, 12, 13)				\$ 826,168
Audit Services	\$ 50,000	\$ 50,000	-	
Purchased Professional Services	51,736	51,736		
Payroll	496,765		\$ 496,765	
Equipment	<u>126,332</u>	<u>126,332</u>	<u>-</u>	
Total Audited	<u>724,833</u>	<u>228,068</u>	<u>496,765</u>	
Unaudited	<u>101,335</u>	<u>101,335</u>	<u>-</u>	
Total Encumbrances	<u>826,168</u>	<u>329,403</u>	<u>496,765</u>	
Total Encumbrances Cancelled During the Audit				<u>496,765</u>
Sub-total Fund Balance Reserved for Encumbrances				329,403
Add: Unrecorded Encumbrances				<u>-</u>
Fund Balance Reserved for Encumbrances in the CAFR (Funds 11,12 and 13)				<u><u>\$ 329,403</u></u>

**GARFIELD BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Encumbrances per the June 30, 2021
Board Secretary Report (Funds 15)**

\$ 1,448,886

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Payroll	\$ 1,448,054	-	1,448,054
		-	-
		-	-
		-	-
	-	-	-
	<hr/>	<hr/>	<hr/>
Total Audited	1,448,054	-	1,448,054
Unaudited	832	832	-
Total Encumbrances	<hr/>	<hr/>	<hr/>
	1,448,886	832	1,448,054

Total Encumbrances Cancelled During the Audit

1,448,054

Sub-total Fund Balance Reserved for Encumbrances in the CAFR

832

Add: Unrecorded Encumbrances

-

Fund Balance Reserved for Encumbrances in the CAFR (Fund 15)

\$ 832

**GARFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. It is recommended that open payroll purchase orders be reviewed at year end and encumbrance balances properly adjusted.

III. School Purchasing Program

- * 2. It is recommended that vendors paid in excess of the bid threshold be approved in the Board minutes.

IV. Food Service Fund

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. Miscellaneous

There are none.

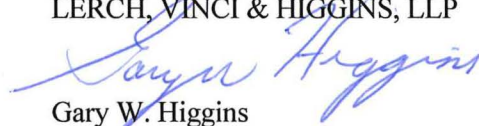
X. Status of Prior Years' Audit Findings/Recommendations

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