INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

GARWOOD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

JUNE 30, 2025

GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS LLP

GARWOOD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

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GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

To the Honorable President and
Members of Board of Education
Garwood Public School District
County of Union, 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 Board of Education of the Garwood Public School District (the "School District") in the County of Union, State of New Jersey for the year ended June 30, 2025, and have issued our report thereon dated December 16, 2025.

As part of our audit, we performed procedures required by the State of New Jersey Department of Education, 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 of the School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Leonora Galleros
Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400

Galleros Robinson CPAs, LLP
Galleros Robinson CPAs, LLP
Certified Public Accountants

December 16, 2025
Cream Ridge, New Jersey

GARWOOD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Monies, the activities of the Board of Education of Garwood Public School District (the "School District"), and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Required insurance coverages are carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School District's ACFR.

Official Bonds *(N.J.S.A. 18A:17-26, 18A:17-32)*

Name	Position	Amount
Bernadette Pinto	School Business Administrator	$200,000
David Oliviera	Treasurer	$190,000

Adequate insurance is in effect with a duly licensed and authorized insurance company for all employees for the faithful performance of their duties.

Health Benefits – Chapter 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. The data submitted did include all health benefit plans offered by the School District. The School District data certification was completed by the Chief School Administrator. The School District Chapter 44 data was submitted timely.

Tuition Charges

A review of the financial statements indicated that the School District charged no tuition for any student attending the School District.

Financial Planning, Accounting, and Reporting

Examination of Claims

Upon examination of claims paid during the period under audit, we noted that claims were approved by designated individuals, certified and supporting documents were maintained.

Financial Planning, Accounting, and Reporting - Continued

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 were approved by the designee of the School District and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator. In addition, salary withholdings were remitted to the proper agencies.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the treasurer of school monies with warrants made to his order for the full amount of each payroll

Position Control Roster

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2025, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable. No exception was noted in this area.

Unemployment Compensation Insurance Trust Fund

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

Travel Policy

A travel policy was adopted by the Board as required by *N.J.A.C*. 6A:23A A-6.13 and *N.J.S.A.* 18A:11-12.

Financial Planning, Accounting, and Reporting - Continued

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) and line item details as described in the Budget Summary Key as part of our test of transactions of judgmentally selected expenditure items.

We also reviewed coding of all expenditures included in our Compliance and Single Audit testing procedures. In addition to the selected expenditures items, we specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.2. As a result of the procedures performed, a minimal transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

We reviewed the Board Secretary's financial and accounting records maintained by the Business Office and disclosed the following items:

Finding 2025-001 (ACFR 2025-001)*

The District has continued to make improvements in its financial reporting processes. Monthly bank reconciliations are generally prepared on a consistent basis; however, during certain periods, particularly the summer months, completion of reconciliations extended the standard 30-day timeframe, at time reaching approximately 60 days due to staffing and operational schedules. While reconciling items were identified throughout the year, resolution of certain items was deferred and subsequently addressed through year-end and audit-period adjusting journal entries.

Recommendation

The District should continue to strengthen its financial reporting and reconciliation processes to ensure that all financial information is recorded accurately and timely throughout the fiscal year. Monthly bank reconciliations should be completed and reviewed within 30 days of month-end, with reconciling items identified, documented, and resolved promptly.

Financial Planning, Accounting, and Reporting - Continued

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and presented to the Board. However, the reports were not presented in a timely manner. Please refer to Finding 2024-002.

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 the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The School District's special projects were approved as listed on Schedules A and B in the ACFR. 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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

Finding 2025-002 (ACFR 2025-001)*

Revenues, expenditures, and receivables related to the Special Revenue Fund as of June 30, 2025, were not fully reconciled to final grant reimbursement reports prior to year-end closing. As a result, several journal entries were recorded during the audit to properly reflect grant activity balances.

Recommendation

Grant activity in the Special Revenue Fund should be reconciled periodically to reimbursement reports, particularly at fiscal year-end, to ensure accurate reporting of revenues, expenditures, and receivables prior to year-end closing.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the electronic reimbursements filed with the Department of Education for School District employees who are members of the Teacher's Pension Annuity Fund. We noted no exceptions.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) 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. During the fiscal year, the School District did not charge TPAF employees in its federally funded programs, thus, no reimbursement was necessary.

Financial Planning, Accounting, and Reporting - Continued

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 regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is $20,200 for 2023-24.

The School District 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 solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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.

School Food Service

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded $100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs.

Non-program foods were not purchased, prepared, sold, or offered for sale, comment in kind.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

School Food Service - continued

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the ACFR.

Student Body Activities

Student activities during the fiscal year ended June 30, 2024 were accounted for. No exceptions were noted in this area.

School District Enrollment System/School District Aid

Our audit procedures included a test of information reported in the October 15, 2023 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 with minor exceptions.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2023-24 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.

Miscellaneous

<u>Testing for Lead of All Drinking Water in Educational Facilities</u>

The School District adhered to all the 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).

GARWOOD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Repeat recommendations are identified with an asterisk (*). All other recommendations had been addressed through corrective actions.

During the year ended June 30, 2025 and as of the audit report date, there are no report issued by the Office of Fiscal Accountability and Compliance (OFAC) that we need to report on.

Acknowledgment

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of our audit team.

Respectfully submitted,

Leonora Galleros

Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400

Galleros Robinson CPAs, LLP

Galleros Robinson CPAs, LLP
Certified Public Accountants

December 16, 2025
Cream Ridge, New Jersey

GARWOOD PUBLIC SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	2024-2025 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 Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verify-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Kindergarten	68	-	33	-	-	-	16	-	16	-	-	-	-	-	-	-
One	31	-	15	-	-	-	17	-	17	-	-	-	-	-	-	-
Two	29	-	14	-	-	-	22	-	22	-	-	-	-	-	-	-
Three	36	-	19	-	-	-	26	-	26	-	-	-	-	-	-	-
Four	46	-	23	-	-	-	21	-	21	-	-	-	-	-	-	-
Five	35	-	19	-	-	-	15	-	15	-	-	-	-	-	-	-
Six	31	-	13	-	-	-	22	-	22	-	-	-	-	-	-	-
Seven	40	-	21	-	-	-	21	-	21	-	-	-	-	-	-	-
Eight	39	-	19	-	-	-	18	-	18	-	-	-	-	-	-	-
Subtotal	355	-	176	-	-	-	178	-	178	-	-	-	-	-	-	-
Special Ed - Elementary	43	-	43	-	-	-	22	-	22	-	-	-	-	-	-	-
Special Ed - Middle School	18	-	18	-	-	-	8	-	8	-	-	-	-	-	-	-
Subtotal	61	-	61	-	-	-	30	-	30	-	-	-	-	-	-	-
Totals	416	-	237	-	-	-	208	-	208	-	-	-	-	-	-	-
Percentage Error					-	-					-	-				-

GARWOOD PUBLIC SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	Resident Low Income			Sample for Verification			Resident 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 LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	8	8	-	8	8	-	1	1	-	1	1	-
One	5	5	-	4	4	-	-	-	-	-	-	-
Two	6	6	-	4	4	-	1	1	-	1	1	-
Three	10	10	-	6	6	-	2	2	-	2	2	-
Four	11	11	-	7	7	-	3	3	-	3	3	-
Five	11	11	-	8	8	-	1	1	-	1	1	-
Six	7	7	-	4	4	-	1	1	-	1	1	-
Seven	7	7	-	5	5	-	1	1	-	1	1	-
Eight	6	6	-	4	4	-	1	1	-	1	1	-
Subtotal	71	71	-	50	50	-	11	11	-	11	11	-
Special Ed - Elementary	13	13	-	13	13	-	1	1	-	1	1	-
Special Ed - Middle	7	7	-	7	7	-	-	-	-	-	-	-
Subtotal	20	20	-	20	20	-	1	1	-	1	1	-
Totals	91	91	-	70	70	-	12	12	-	12	12	-
Percentage Error			-			-			-			-

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	67	67	-	51	51	-
Transported - Non-Public, col. 3	-	-	-	-	-	-
Transported - Non-Public AIL, col.	-	-	-	-	-	-
Reg -SpEd, col. 4	11	11	-	9	9	-
Special Ed Spec, col. 6	7	7	-	6	6	-
Courtesy Students	-	-	-	1	1	-
Totals	85	85	-	67	67	-
Percentage Error						-

GARWOOD PUBLIC SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	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	-	-	-	-	-	-
One	-	-	-	-	-	-
Two	1	1	-	1	1	-
Three	2	2	-	2	2	-
Four	-	-	-	-	-	-
Five	1	1	-	1	1	-
Six	-	-	-	-	-	-
Seven	1	1	-	1	1	-
Eight	-	-	-	-	-	-
Subtotal	5	5	-	5	5	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	5	5	-	5	5	-
Percentage Error			-			-

GARWOOD PUBLIC SCHOOL DISTRICT
(COUNTY OF UNION, NEW JERSEY)

EXCESS SURPLUS CALCULATION

June 30, 2025

SECTION 1

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1			$ 11,980,937	(B)
Increased by:				
Transfer from Capital Outlay to Capital Projects Fund			$ -	(B1a)
Transfer from Capital Reserve to Capital Projects Fund			$ -	(B1b)
Transfer from General Fund to SRF for PreK-Regular			$ -	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion			$ -	(B1d)
Decreased by:				
On-Behalf TPAF Pension & Social Security	$ 1,564,696	(B2a)		
Assets Acquired Under Capital Leases	$ -	(B2b)		
Adjusted 2024-25 General Fund Expenditures [(B)+(B1s)-(B2s)]	$ 10,416,241	(B3)		
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .04]	$ 208,325	(B4)		
Enter Greater of (B4) or $250,000	$ 250,000	(B5)		
Increased by: Allowable Adjustment *	$ 172,105	(K)		
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]			$ 422,105	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2025 (Per ACFR Budgetary Comparison Schedule C-1)	$ 1,659,502	(C)		
Decreased by:				
Year-end Encumbrances	$ 181,157	(C1)		
Legally Restricted – Designated for Subsequent Year's Expenditures	$ 375,486	(C2)		
Legally Restricted - Excess Surplus – Designated for Subsequent Year's Expenditures **	$ -	(C3)		
Other Restricted Fund Balances ****	$ 487,051	(C4)		
Assigned Fund Balance – Unreserved- Designated for Subsequent Year's Expenditures	$ -	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 615,808	(U1)
Excess Surplus at June 30, 2025			$ 193,703	

SECTION 3

Restricted Fund Balance – Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	$ 193,703	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures **	$ -	(C3)
Reserved Excess Surplus ***[(E)]	$ 193,703	(E)
Total Excess Surplus [(C3) + (E)]	$ 193,703	(D)

Detail of Allowable Adjustments

Impact Aid	$ -	(H)
Sale and Lease Back	-	(I)
Extraordinary Aid	172,105	(J1)
Additional Nonpublic School Transportation Aid	-	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Family Crisis Transportation Aid	-	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	$ 172,105	(K)

Detail of Other Restricted Fund Balances

Statutory restrictions:		
Capital reserve	$ 427,775	
Unemployment Compensation	59,276	
Total Other Restricted Fund Balances	$ 487,051	(C4)

AUDIT RECOMMENDATIONS SUMMARY - CONTINUED

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. The District should continue to strengthen its financial reporting and reconciliation processes to ensure that all financial information is recorded accurately and timely throughout the fiscal year. Monthly bank reconciliations should be completed and reviewed within 30 days of month-end, with reconciling items identified, documented, and resolved promptly. Management should continue to evaluate internal procedures, staffing coverage and cross-training, and system capabilities to support timely reconciliations and reduce reliance on audit-period adjustments.*

2. Grant activity in the Special Revenue Fund should be reconciled periodically to reimbursement reports, particularly at fiscal year-end, to ensure accurate reporting of revenues, expenditures, and receivables prior to year-end closing.*

III. School Purchasing Programs

There are none.

IV. School Food Service

There are none.

V. Student Body Activities

There are none.

VI. Application for State Aid

Not Applicable.

VII. Pupil Transportation

Not Applicable.

VIII. Facilities and Capital Assets

There were none.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year recommendations. Corrective actions had been completed or are still in process on prior findings, with the exception of those that are identified as repeat or partially similar to findings in this year's recommendation. Repeat recommendations are identified with an asterisk (*).