

**GARFIELD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**GARFIELD BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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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, 2015, and have issued our report thereon dated November 16, 2015.

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

This report is intended for the information 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.

Respectfully submitted,

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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 16, 2015

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. Edward Izbicki, Sr.	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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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(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:23-8.2. 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.

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.

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.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act (NCLB) of 2001

The E.S.E.A./NCLB 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 III of the Elementary and Secondary Education Act.

Finding (CAFR Finding 2015-001) – Our audit of Title I salaries revealed that hourly rates paid to Title I employees were not in accordance with the contractual stipend schedule.

Recommendation – Title I employee salaries be charged in accordance with the contractual stipend schedule.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

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.

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 reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:60-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as and unliquidated balance in the current year's Final Report(s) for all federal awards.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3(A) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is currently \$18,300.

If the purchasing agent is qualified pursuant to subsection b 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 \$36,000. 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. The District's Business Administrator is qualified and the Board has designated the Business Administrator as the qualified purchasing agent and established the bid threshold at \$36,000.

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 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.

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 no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Finding (CAFR Finding 2015-002) – Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- Public bids were not received for fuel oil purchases that exceeded the bid threshold.
- Supporting detail for State contract and cooperative purchasing vendors was not available and certain vendors were not approved in the official minutes.
- A contract awarded as an Extraordinary Unspecifiable Service (EUS) was not advertised.

Recommendation – The requirements of the Local Public Contracts Law be complied with.

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 maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price 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 price 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.

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, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed. 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 were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food 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 Districts deposited program monies and made expenditures in accordance with N.J.S.A. 18A:17-34. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Food Service (Continued)

The State Department of Education conducted an examination regarding applications for free and reduced price meals by School District employees of the Garfield Board of Education. A report was issued dated September 25, 2014 which included certain findings that must be reviewed and discussed at a public board meeting no later than 30 days after the receipt of the report. Additionally, the District must prepare a corrective action plan which addressed the issues in the report. On November 17, 2014, the District approved a corrective action plan to address the findings noted in the State's Free and Reduced Lunch Application Monitoring report. The District must continue to monitor the approved corrective action plan to ensure each finding has been properly addressed.

Student Body Activities

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

All cash receipts were promptly deposited for student activity accounts.

Finding – Our audit revealed several subaccounts in the Middle School and High School student activity accounts do not appear to be related to student organizations or activities.

Recommendation – Only activity related to student body organizations and activities be accounted for in the Middle School and High School student activity accounts.

Finding – Our audit of the child study student activities revealed the following:

- The cash receipts and cash disbursements ledger was incomplete.
- Formal bank reconciliations were not completed.
- Withdrawal authorization forms were not utilized.
- Supporting documentation was not available for certain cash disbursements.

Recommendation – Financial reporting and internal control procedures be implemented for the financial activities of the child study student activities.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 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.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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 \$56,778 should be reviewed and cleared of record.
- Old outstanding checks on the High School activity bank reconciliation 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, 2015**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	Total <u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	108,416	108,416	108,416	
	Reduced	63,827	63,827	63,827	
	Free	<u>378,424</u>	<u>378,424</u>	<u>378,424</u>	-
		<u>550,667</u>	<u>550,667</u>	<u>550,667</u>	-
Breakfast	Paid	25,848	25,848	25,848	
	Reduced	15,517	15,517	15,517	
	Free	<u>136,391</u>	<u>136,391</u>	<u>136,391</u>	-
		<u>177,756</u>	<u>177,756</u>	<u>177,756</u>	-
After School Snacks	Free	<u>98,307</u>	<u>98,307</u>	<u>98,307</u>	-
TOTAL		<u><u>826,730</u></u>	<u><u>826,730</u></u>	<u><u>826,730</u></u>	<u><u>-</u></u>

**GARFIELD BOARD OF EDUCATION
NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	133,588
Accounts Receivable		147,417

Current Liabilities

Less:		
Accounts Payable		(4,383)

Net Cash Resources	\$	<u>276,622</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	2,571,991
Less Depreciation		(71,922)

Adjusted Total Operating Expense	\$	<u>2,643,913</u>
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<u>Average Monthly Operating Expense:</u>	\$	<u>264,391</u>
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<u>Three Times Monthly Average:</u>	\$	<u>727,080</u>
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Total Net Cash Resources	\$	276,622
Three Times Monthly Average		<u>727,080</u>

Net Cash Resources below Three Month Average Expenses	\$	<u>(450,458)</u>
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**GARFIELD BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2014**

	2014-2015 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	290	-	290	-	-	-	148	-	148	-	-	-	-	-	-	-
Full Day Preschool - 4 years	317	-	317	-	-	-	70	-	70	-	-	-	-	-	-	-
Half Day Kindergarten	358	-	358	-	-	-	64	-	64	-	-	-	-	-	-	-
Full Day Kindergarten	384	-	384	-	-	-	59	-	59	-	-	-	-	-	-	-
1st Grade	336	-	336	-	-	-	64	-	64	-	-	-	-	-	-	-
2nd Grade	329	-	329	-	-	-	59	-	59	-	-	-	-	-	-	-
3rd Grade	288	-	288	-	-	-	37	-	37	-	-	-	-	-	-	-
4th Grade	233	-	233	-	-	-	39	-	39	-	-	-	-	-	-	-
5th Grade	282	-	282	-	-	-	282	-	282	-	-	-	-	-	-	-
6th Grade	271	-	271	-	-	-	271	-	271	-	-	-	-	-	-	-
7th Grade	247	-	247	-	-	-	247	-	247	-	-	-	-	-	-	-
8th Grade	262	-	262	-	-	-	257	-	257	-	-	-	-	-	-	-
9th Grade	192	6	192	6	-	-	182	-	182	-	-	-	-	-	-	-
10th Grade	224	12	224	12	-	-	224	-	224	-	-	-	-	-	-	-
11th Grade	218	7	218	7	-	-	209	-	209	-	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4,231	25	4,231	25	-	-	2,212	-	2,212	-	-	-	-	-	-	-
Spec Ed - Elementary	397	-	397	-	-	-	53	-	53	-	-	-	6	5	5	-
Spec Ed- Middle School	191	-	191	-	-	-	180	-	180	-	-	-	2	2	1	1
Spec Ed - High School	182	19	182	19	-	-	153	-	153	-	-	-	16	14	12	2
Subtotal	770	19	770	19	-	-	386	-	386	-	-	-	24.0	21	18	3
Totals	5,001	44	5,001	44	-	-	2,598	-	2,598	-	-	-	24.0	21	18	3
Percentage Error					<u>0.00%</u>	<u>0.00%</u>							<u>0.00%</u>			<u>14.29%</u>

**GARFIELD BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2014**

	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 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)			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	213.0	213.0	-	9	9	-	15	15	-	5	5	-
1st Grade	244.0	245.0	(1)	12	12	-	24	24	-	8	8	-
2nd Grade	229.0	227.0	2	11	11	-	19	19	-	7	7	-
3rd Grade	199.0	198.0	1	9	9	-	7	7	-	2	2	-
4th Grade	169.0	169.0	-	7	7	-	10	10	-	4	4	-
5th Grade	158.0	157.0	1	8	8	-	5	5	-	2	2	-
6th Grade	195.0	194.0	1	9	9	-	12	12	-	4	4	-
7th Grade	179.0	180.0	(1)	9	9	-	8	8	-	3	3	-
8th Grade	153.0	152.0	1	7	7	-	8	8	-	3	3	-
9th Grade	171.0	171.0	-	8	8	-	10	10	-	4	4	-
10th Grade	123.0	123.0	-	6	6	-	5	5	-	2	2	-
11th Grade	130.5	130.5	-	6	6	-	9	9	-	3	3	-
12th Grade	148.5	148.5	-	9	9	-	4	3	(1)	1	1	-
Subtotal	2,312.0	2,308.0	4	110	110	-	136	135	(1)	48	48	-
Spec Ed - Elementary	277.0	274.0	3	13	13	-	4	4	-	1	1	-
Spec Ed - Middle School	131.0	131.0	-	5	5	-	-	-	-	-	-	-
Spec Ed - High School	152.0	140.0	12	7	7	-	-	-	-	-	-	-
Subtotal	560.0	545.0	15	25	25	-	4	4	-	1	1	-
Totals	2,872.0	2,853	19	135	135	-	140	139	(1)	49	49	-
Percentage Error			<u>0.66%</u>			<u>0.00%</u>			<u>-0.71%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	239	239	-	30	30	-
Transported - Non-Public	23	23	-	3	3	-
Regular - Spec.	115	115	-	15	15	-
Special Needs - Public	128	128	-	16	16	-
Totals	505	505	-	64	64	-
			<u>0.00%</u>			<u>0.00%</u>

**GARFIELD BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2014**

	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
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Half Day Kindergarten			-			-
Full Day Kindergarten	27	27	-	15	15	-
1st Grade	12	12	-	6	6	-
2nd Grade	10	10	-	5	5	-
3rd Grade	9	9	-	5	5	-
4th Grade	9	9	-	5	5	-
5th Grade	1	1	-	1	1	-
6th Grade	3	3	-	1	1	-
7th Grade	6	6	-	3	3	-
8th Grade	3	3	-	2	2	-
9th Grade	2	2	-	1	1	-
10th Grade	1	1	-	1	1	-
11th Grade	4	4	-	2	2	-
12th Grade	1	1	-	1	1	-
Subtotal	88	88	-	48	48	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed- Middle School	-	-	-	-	-	-
Spec Ed - High School	1	1	-	1	1	-
Subtotal	1	1	-	1	1	-
Totals	89	89	-	49	49	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**GARFIELD BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION 1B

A. 2% Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures reported on Exhibit C-1	\$	91,918,399
Increased by Applicable Operating Transfers		
Transfer to Special Revenue Fund - Preschool Education		200,000
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2		<u>(566,911)</u>
2014-2015 Adjusted General Fund & Other State Expenditures	\$	91,551,488
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>7,967,391</u>
Adjusted 2014-2015 General Fund Expenditures	\$	<u>83,584,097</u>
2% of Adjusted 2014-2015 General Fund Expenditures	\$	<u>1,671,682</u>
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$	1,671,682
Increased by: Allowable Adjustment		
Extraordinary Aid	\$	638,100
Nonpublic Transportation Aid		<u>4,002</u>
		<u>642,102</u>
Maximum Unassigned Fund Balance	\$	<u>2,313,784</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2015 (Per CAFR Budgetary Comparison schedule/statement)	\$	9,107,323
Decreased by:		
Year End Encumbrances	\$	305,753
Capital Reserve		1
Designated for Subsequent Years Expenditures		1,135,549
Excess Surplus - Designated for Subsequent Year's Expenditures ARRA/SEMI		<u>2,530,446</u> <u>24,356</u>
		<u>3,996,105</u>
Total Unassigned Fund Balance	\$	<u>5,111,218</u>

SECTION 3 - All Districts

Reserved Fund Balance - Excess Surplus	\$	<u>2,797,434</u>
--	----	------------------

Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus - Designated for Subsequent Year Expenditures	\$	2,530,446
Reserved Excess Surplus		<u>2,797,434</u>
Total Excess Surplus	\$	<u>5,327,880</u>

**GARFIELD BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Encumbrances per the June 30, 2015

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Board Secretary Report (Funds 11, 12, 13)			\$ 297,359
Other Purchased Service	\$ 135,600	\$ 135,600	-
Audit Services	50,000	50,000	-
	-	-	-
Total Audited	<u>185,600</u>	<u>185,600</u>	<u>-</u>
Unaudited	<u>111,759</u>	<u>111,759</u>	<u>-</u>
Total Encumbrances	<u>297,359</u>	<u>297,359</u>	<u>-</u>
Total Encumbrances Cancelled During the Audit			<u>-</u>
Sub-total Fund Balance Reserved for Encumbrances			297,359
Add: Unrecorded Encumbrances			<u>-</u>
Fund Balance Reserved for Encumbrances in the CAFR			<u>\$ 297,359</u>

**GARFIELD BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Encumbrances per the June 30, 2015
Board Secretary Report (Funds 15)**

\$ 8,394

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Supplies	4,248	4,248	
		-	
		-	-
		-	
	-	-	-
	-----	-----	-----
Total Audited	4,248	4,248	-
Unaudited	4,146	4,146	-
	-----	-----	-----
Total Encumbrances	8,394	8,394	-
	-----	-----	-----
Total Encumbrances Cancelled During the Audit			----- -
Sub-total Fund Balance Reserved for Encumbrances in the CAFR			8,394
Add: Unrecorded Encumbrances			----- -
Fund Balance Reserved for Encumbrances in the CAFR			\$ <u>8,394</u>

**GARFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that Title I Employees' salaries be charged in accordance with the contractual stipend schedule.

III. School Purchasing Program

- * It is recommended that the requirements of the Local Public Contracts Law be complied with.

IV. Food Service Fund

There are none.

V. Student Body Activities

It is recommended that:

- * 1. Only activity related to student body organizations and activities be accounted for in the Middle School and High School student activity accounts.
- 2. Financial reporting and internal control procedures be implemented for the financial activities of the child study student activities.

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 those 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