

**PARK RIDGE BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**PARK RIDGE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Trustees
Park Ridge Board of Education
Park Ridge, 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 Park Ridge Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated December 5, 2016.

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 solely 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

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 5, 2016

**PARK RIDGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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, as reported in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Robert Wright	Board Secretary/School Business Administrator	\$225,000

There is a Public Employee Dishonesty Coverage with Selective Insurance Company of America covering all other employees with multiple coverage of \$100,000 per employee.

Tuition Charges

The Board is a member of Region II and all members have agreed that tuition adjustments will not be made between member districts for the actual certified tuition charges.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signatures, certification or 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 payroll taxes were deposited in the Payroll Agency Account.

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

Salary withholdings tested were promptly remitted to the proper agencies, including health benefit premium withholdings due to the General Fund.

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

The School Business Administrator completed and filed the required certification of compliance with Federal and State Law respecting the reporting of compensation for certain employees.

**PARK RIDGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

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

Board Secretary's Records

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

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The prescribed contractual order system was followed.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Funds.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act 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 II and Title III of the Elementary and Secondary Education Act as amended.

Our examination of the E.S.E.A./NCLB 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.

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.

**PARK RIDGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects (Continued)

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.

Non-Public State Aid

Project completion reports were prepared and transmitted to the Department of Education by the due date.

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. No exceptions were noted.

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.

Before/After School Child Care Program (EXTRAS)

The District provides a before and after school child care program for district students. The financial activities of the program are accounted for in the Enterprise Fund.

Cash receipt records and bank accounts were reviewed for timely deposit and proper fee charges.

Cash disbursement records had supporting documentation and reflected program related expenses.

Other Enterprise Funds

The District provided a SAT program, various summer sports and music programs and a laptop insurance program for District students. The financial activities of these programs are accounted for in Non-Major Enterprise Funds.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3(A) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is \$18,800 for 2015-2016.

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 \$40,000. 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 Board has designated the Business Administrator as the qualified purchasing agent and has approved by Board resolution a bid threshold of \$40,000.

**PARK RIDGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued).

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 indicated that no 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.

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.

Food Service Fund

The school food service program was not selected as a major federal or state program and the program expenses did not exceed \$100,000 in federal support.

The financial transactions and records of the school food services were maintained in good condition. The financial accounts and records were reviewed on a test-check basis.

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.

Cash receipts and bank records were reviewed for timely deposit.

Expenses 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 expenses for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenses.

**PARK RIDGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Food Service Fund (Continued)

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis.

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

Student Body Activities

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

Cash receipts were promptly deposited for items reviewed.

Cash disbursements had proper supporting documentation.

Application for State School Aid

Audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped related services and low-income. A review was performed 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 noted. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of these procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

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 2015-2016 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 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 exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

The District had no active State School Development Authority (SDA) grant projects during the year

Follow-up on Prior Year Findings

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

**PARK RIDGE BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Program</u>	<u>Milk Category</u>	<u>Milks Claimed</u>	<u>Milks Tested</u>	<u>Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Over (Under) Claim</u>
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NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Net Cash Resources:</u>	<u>Total</u>	<u>Reference</u>
Current Assets		
Cash & Cash Equivalents	\$ 4,881	
Intergovernmental Receivable	2,059	
Other Accounts Receivable		
Current Liabilities		
Less Accounts Payable	(562)	
Less Due to Other Funds	0	
Less Unearned Revenue	0	
Net Cash Resources	\$ 6,378	(A)
<u>Total Net Adjusted Operating Expenses:</u>		
Total Operating Expenses	\$ 225,896	
Less Depreciation	(2,540)	
Total Net Adjusted Total Operating Expenditures	\$ 223,356	(B)
<u>Average Monthly Operating Expenses:</u>		
Total Net Adjusted Operating Expenses (B) / 10 months	\$ 22,336	(C)
<u>Three Times Monthly Average:</u>		
3 X Average Monthly Expenses (C)	\$ 67,007	(D)

TOTAL NET CASH RESOURCES	\$ 6,378	(A)
LESS THREE MONTHS AVERAGE EXPENDITURES	\$ 67,007	(D)
NET OVER (UNDER)	\$ (60,629)	
NET CASH RESOURCES DO NOT EXCEED THREE MONTH AVERAGE EXPENDITURES		

PARK RIDGE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2015

	2016-2017 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				
Half Day Preschool - 3 years	10		10		-	-	10		10		-	-				
Half Day Preschool - 4 years	7		7		-	-	7		7		-	-				
Half Day Kindergarten	-		-		-	-					-	-				
Full Day Kindergarten	63		63		-	-	33		33		-	-				
1st Grade	77		77		-	-	42		42		-	-				
2nd Grade	79		79		-	-	42		42		-	-				
3rd Grade	78		78		-	-	31		31		-	-				
4th Grade	74		74		-	-	35		35		-	-				
5th Grade	66		66		-	-	26		26		-	-				
6th Grade	91		91		-	-	43		43		-	-				
7th Grade	90		90		-	-	90		90		-	-				
8th Grade	74		74		-	-	74		74		-	-				
9th Grade	69		69		-	-	69		69		-	-				
10th Grade	72		72		-	-	72		72		-	-				
11th Grade	85		85		-	-	85		85		-	-				
12th Grade	89	1	89	1	-	-	89		89		-	-				
Post-Graduate					-	-					-	-				
Subtotal	1,024	1	1,024	1	-	-	748	1	748	1	-	-	-	-	-	-
Spec Ed - Elementary	86	-	86	-	-	-	25	-	24	-	1	-	2	2	2	-
Spec Ed - Middle School	48	-	48	-	-	-	14	-	14	-	-	-	3	2	2	-
Spec Ed - High School	52	2	52	2	-	-	15	2	15	2	-	-	10	9	9	-
Subtotal	186	2	186	2	-	-	54	2	53	2	1	-	15	13	13	-
Totals	1,210	3	1,210	3	-	-	802	3	801	3	1	-	15	13	13	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.12%</u>	<u>0.00%</u>				<u>0.00%</u>

PARK RIDGE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2015

	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
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	7	7	-	5	5	-	3	3	-	3	3	-
1st Grade	8	8	-	6	6	-	4	4	-	3	3	-
2nd Grade	2	2	-	2	2	-	-	-	-	-	-	-
3rd Grade	5	5	-	4	4	-	-	-	-	-	-	-
4th Grade	4	4	-	3	3	-	-	-	-	-	-	-
5th Grade	3	3	-	2	2	-	-	-	-	-	-	-
6th Grade	4	4	-	3	3	-	-	-	-	-	-	-
7th Grade	5	5	-	3	3	-	-	-	-	-	-	-
8th Grade	1	1	-	1	1	-	-	-	-	-	-	-
9th Grade	8	8	-	6	6	-	-	-	-	-	-	-
10th Grade	2	2	-	2	2	-	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-	-	-	-	-	-	-
12th Grade	4	4	-	3	3	-	-	-	-	-	-	-
Subtotal	53	53	-	40	40	-	7	7	-	6	6	-
Spec Ed - Elementary	23	23	-	16	16	-	8	6	2	5	5	-
Spec Ed - Middle School	5	5	-	4	4	-	-	-	-	-	-	-
Spec Ed - High School	5	5	-	4	4	-	-	-	-	-	-	-
Subtotal	33	33	-	24	24	-	8	6	2	5	5	-
Totals	86	86	-	64	64	-	15	13	2	11	11	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>13.33%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	24	24	-	21	21	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	2	2	-	2	2	-
Special Needs - Public	24	24	-	21	21	-
Totals	50	50	-	44	44	-
		<u>0.00%</u>			<u>0.00%</u>	

**PARK RIDGE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2015**

	Resident 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	7	7	-	6	6	-
1st Grade	8	8	-	7	7	-
2nd Grade	1	1	-	1	1	-
3rd Grade	1	1	-	1	1	-
4th Grade	-	-	-	-	-	-
5th Grade	1	1	-	1	1	-
6th Grade	-	-	-	-	-	-
7th Grade	2	2	-	2	2	-
8th Grade	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	20	20	-	18	18	-
Spec Ed - Elementary	7	9	(2)	7	7	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	7	9	(2)	7	7	-
Totals	27	29	(2)	25	25	-
Percentage Error			<u>-7.41%</u>			<u>0.00%</u>

**PARK RIDGE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1 - Regular District

Two Percent (2%) - Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR		\$ 28,824,991
Decreased by:		
On-Behalf TPAF Pension & Social Security		2,834,567
Assets and Supplies Acquired Under Lease Purchase		<u>140,447</u>
Adjusted 2015-2016 General Fund Expenditures		<u>\$ 25,849,977</u>
2% of Adjusted 2015-2016 General Fund Expenditures		\$ 517,000
Allowable Adjustment		<u>153,972</u>
Maximum Unassigned Fund Balance		<u>\$ 670,972</u>

SECTION 2 - All Districts

Total General Fund - Fund Balance at June 30, 2016		\$ 8,960,139
Decreased by:		
Capital Reserve	\$ 5,289,402	
Capital Reserve - Designated for Subsequent Year's Expenditures	1,200,000	
Emergency Reserve	241,040	
Excess Surplus - Designated for Subsequent Year's Expenditures	376,833	
Assigned - Year End Encumbrances	<u>470,855</u>	
		<u>7,578,130</u>
Total Unassigned Fund Balance		<u>\$ 1,382,009</u>

SECTION 3 - All Districts

Reserved Fund Balance - Excess Surplus		<u>\$ 711,037</u>
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus		\$ 711,037
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		<u>376,833</u>
Total		<u>\$ 1,087,870</u>

Detail of Allowable Adjustments

Extraordinary Aid - Unbudgeted		<u>\$ 153,972</u>
		<u>\$ 153,972</u>

**PARK RIDGE BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

There are none.

IV. School Food Services

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Miscellaneous

There are none.

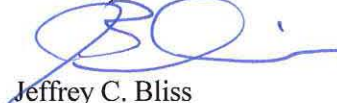
X. Status of Prior Years' Audit Findings/Recommendations

There were none.

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



Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant