

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Trustees
Rockaway Township School District
Hibernia, 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 Rockaway Township School District in the County of Morris for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 25, 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 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.

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

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 25, 2016

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
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 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 the Insurance Schedule (Exhibit J-20) contained in the district's Comprehensive Annual Financial Report (CAFR).

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Donna Marie Palmiere	Board Secretary/School Business Administrator	\$300,000
Lisa Palmieri	Treasurer of School Monies	\$300,000

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 supporting documentation.

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 and the Board Secretary/School Business Administrator and approved by the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including employee health benefit premium contribution amounts withheld due to the General Fund.

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.

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
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, we also selected 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.

Travel

The District had an approved Board travel policy as required by NJAC 6A:23A-6.13 and NJSA 18A:11-12.

Board Secretary's Records

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

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

The prescribed contractual order system was followed.

Bids received were summarized in the minutes.

Treasurer's Records

The Treasurer did perform cash reconciliations for all District's required accounts per (NJSA 18A:17-9).

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

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 Trust 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 (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, Title II and Title III of the Elementary and Secondary Education Act as amended.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
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

The district's Special Projects were approved as listed on Exhibit 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. No exceptions were noted.

T.P.A.F. Reimbursements to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's final reports 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

N.J.S.A. 18A:18A-4 state, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of school funds, not included within the terms of N.J.S.A. 18A:18A-3, shall be made and awarded only by the board of education after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A. 18A:18A-3 except by contract or agreement".

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. If the District's 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 the bid threshold up to the \$40,000. The District's Business Administrator is qualified and the District, by Board resolution, has increased the bid threshold to \$40,000. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
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 did not indicate any individual payments, contracts, or agreements which were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of statutory thresholds where there had been no advertising for bids in accordance with the provisions 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, however, that purchases were made through the use of State contracts for the purchase of computer equipment, buses and communication equipment.

Enterprise Funds

School Food Service

The school food service program was not selected as a major federal 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 SFA has and Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The school food service program was not selected as a major 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 SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in good condition.

Cash receipts and bank records were reviewed for timely deposits.

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 and audited. The FSMC contract includes an operating results provision which guarantees that the Food Service will have a minimum profit of \$40,000. 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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Enterprise Funds (Continued)

School Food Service (Continued)

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

USDA 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.

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

Exhibits reflecting child nutrition program operations are included in the section Enterprise Funds.

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

Finding – Our audit noted the Food Service Funds' net cash resources at June 30, 2016 exceeded the three month average of expenditures.

Recommendation – Appropriate action be taken in the Food Service Fund to ensure net cash resources do not exceed the three month average of expenditures.

Summer Enrichment/After School Program

Cash receipts and bank records were reviewed for timely deposits.

Cash disbursements had proper supporting documentation.

Student Body Activities

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

Cash receipts were deposited timely.

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, low-income and bilingual. 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 without exception. The information that was included on the workpapers was verified without exception. 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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 with no exceptions noted. The information that was included on the District report was verified with immaterial exceptions noted. 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

Our procedures included a review of SDA grant agreement for consistency with recording SDA revenue, transfer of Local Funds from the General Fund or from the Capital Reserve Account, and awarding contracts for eligible facilities construction.

Follow-up on Prior Year Findings

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

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

NOT APPLICABLE

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

	2016-17 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on		Sample		
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as		for		
	On Roll		On Roll		Full		On Roll		On Roll		Private		Verifi-		Sample		
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Sample	Errors	
Half Day Preschool - 3 years	5	-	5	-	-	-	5	-	5	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	17	-	17	-	-	-	17	-	17	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	242	-	242	-	-	-	50	-	50	-	-	-	-	-	-	-	-
1st Grade	221	-	221	-	-	-	40	-	40	-	-	-	-	-	-	-	-
2nd Grade	217	-	217	-	-	-	43	-	43	-	-	-	-	-	-	-	-
3rd Grade	193	-	193	-	-	-	40	-	40	-	-	-	-	-	-	-	-
4th Grade	202	-	202	-	-	-	41	-	41	-	-	-	-	-	-	-	-
5th Grade	190	-	190	-	-	-	52	-	52	-	-	-	-	-	-	-	-
6th Grade	209	-	209	-	-	-	209	-	209	-	-	-	-	-	-	-	-
7th Grade	233	-	233	-	-	-	233	-	233	-	-	-	-	-	-	-	-
8th Grade	243	-	243	-	-	-	243	-	243	-	-	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,972	-	1,972	-	-	-	973	-	973	-	-	-	-	-	-	-	-
Spec Ed - Elementary	249	-	249	-	-	-	30	-	30	-	-	-	4	4	4	-	-
Spec Ed - Middle School	174	-	174	-	-	-	174	-	174	-	-	-	1	1	1	-	-
Spec Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	423	-	423	-	-	-	204	-	204	-	-	-	5	5	5	-	-
Totals	2,395	-	2,395	-	-	-	1,177	-	1,177	-	-	-	5	5	5	-	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	

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

2016-17 Application for State A.S.S.A as Low Income	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on Workpapers 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 Preschool (3 years)			-									
Full Day Preschool (3 years)			-									
Half Day Preschool (4 years)			-									
Full Day Preschool (4 years)			-									
Half Day Kindergarten			-									
Full Day Kindergarten	33	33	-	10	10	-	4	4	-	3	3	-
1st Grade	28	28	-	10	10	-	3	3	-	3	3	-
2nd Grade	29	29	-	10	10	-	2	2	-	2	2	-
3rd Grade	29	29	-	9	9	-	1	1	-	1	1	-
4th Grade	11	11	-	5	5	-	1	1	-	1	1	-
5th Grade	22	22	-	9	9	-	1	1	-	1	1	-
6th Grade	25	25	-	8	8	-	-	-	-	-	-	-
7th Grade	27	27	-	9	9	-	2	2	-	1	1	-
8th Grade	20	20	-	8	8	-	2	2	-	1	1	-
9th Grade			-			-			-			-
10th Grade			-			-			-			-
11th Grade			-			-			-			-
12th Grade			-			-			-			-
Subtotal	224	224	-	78	78	-	16	16	-	13	13	-
Spec Ed - Elementary	50	50	-	14	14	-	-	-	-	-	-	-
Spec Ed - Middle School	36	36	-	13	13	-	1	1	-	1	1	-
Spec Ed - High School			-			-			-			-
Subtotal	86	86	-	27	27	-	1	1	-	1	1	-
Totals	310	310	-	105	105	-	17	17	-	14	14	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	658	658	-	37	37	-
Transported - Non-Public	57	57	-	3	3	-
AIL	80	80	-	5	5	-
Regular - Spec.	281	281	-	16	16	-
Special Needs - Public	152	152	-	8	7	1
Totals	1,228	1,228	-	69	68	1
			<u>0.00%</u>			<u>1.45%</u>

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1

2015-2016 Total General Fund Expenditures per the C-1	\$ 51,691,598
Increase by:	
Transfer from Capital Reserve to Capital Projects Fund	1,444,660
Decreased by:	
On-Behalf TPAF Pension & Social Security	4,778,127
Assets Acquired Under Capital Leases	<u>1,301,653</u>
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 47,056,478</u>
2% of Adjusted 2015-2016 General Fund Expenditures	<u>\$ 941,130</u>
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	\$ 941,130
Increased by: Allowable Adjustment*	<u>597,170</u>
Maximum Unassigned Fund Balance	<u>\$ 1,538,300</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 10,360,927
Decreased by:	
Year End Encumbrances	\$ 740,061
Restricted- Capital Reserve	6,163,518
Excess Surplus Designated for Subsequent Year's Expenditures	<u>1,154,726</u>
Total Unassigned Fund Balance	<u>\$ 2,302,622</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	<u>\$ 764,322</u>
--	-------------------

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus	\$ 764,322
Excess Surplus-Designated for Subsequent Year's Expenditures	<u>1,154,726</u>
	<u>\$ 1,919,048</u>

*Detail of Allowable Adjustments

Extraordinary aid-Excess over the amount budgeted in the 2015/2016 certified budget	\$ 200,123
Additional Nonpublic School Transportation Aid	16,762
Impact Aid	<u>380,285</u>
Total Adjustments	<u>\$ 597,170</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
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. **Enterprise Funds**

- * It is recommended that appropriate action be taken in the Food Service Fund to ensure net cash resources do not exceed three months average of expenditures.

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**

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations, except for the recommendation 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 the members of the audit team.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP

A handwritten signature in blue ink, appearing to read "Paul J. Lerch", is written over the typed name.

Paul J. Lerch
Certified Public Accountant
Public School Accountant