

**GARFIELD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

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

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INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
Garfield Board of Education
Garfield, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Garfield Board of Education, State of New Jersey as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 3, 2017.

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 and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 3, 2017

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

The School Business Administrator completed and filed the required certification of compliance with federal and state law reflecting the reporting of compensation for certain employees.

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

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30. No exceptions were noted.

Classification of Expenditures

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

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6-13 and N.J.S.A. 18A:11-12.

Board Secretary's Records

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

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Finding – A detailed tuition billing and accounts receivable ledger was not maintained for special education students attending the District.

Recommendation – A billing and accounts receivable ledger be maintained for tuition charged for special education students attending the District.

Finding – Checks issued from the scholarship account are not approved in the minutes.

Recommendation – All checks issued from the scholarship account be approved in the official minutes.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

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.

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 amount of expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 currently \$18,800.

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 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 \$40,000.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 obtained 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 that individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been advertising for bids, in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Finding (CAFR Finding 2017-001) – Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- Contracts awarded for professional services and extraordinary unspecifiable series were not advertised.
- A contract for professional services was not approved in the minutes.
- Supporting detail for purchases made in accordance with state contracts was not available.

Recommendation – Continued efforts be made to be in compliance with requirements of the Local Public Contracts Law.

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.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records with no exceptions noted. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Food Service (Continued)

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.

The school district 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 entitled Enterprise Funds.

Finding – Amounts reported in the Food Service daily point of sale reports for certain days were not in agreement with the daily deposits.

Recommendation – Food service daily point of sale reports be reconciled with the daily bank deposits.

Finding – Our audit of the Food Service Fund revealed an accounts receivable balance due from students in the amount of \$19,500 at June 30, 2017.

Recommendation – A review be made of the student accounts receivable in the Food Service Fund and uncollectible amounts be cleared of record.

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.

**GARFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 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 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with an immaterial 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.

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 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, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Total Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	111,727	111,727	111,727	
	Reduced	72,317	72,317	72,317	
	Free	<u>359,463</u>	<u>359,463</u>	<u>359,463</u>	-
		<u>543,507</u>	<u>543,507</u>	<u>543,507</u>	-
Breakfast	Paid	24,175	24,175	24,175	
	Reduced	18,224	18,224	18,224	
	Free	<u>130,064</u>	<u>130,064</u>	<u>130,064</u>	-
		<u>172,463</u>	<u>172,463</u>	<u>172,463</u>	-
After School Snacks	Free	<u>84,919</u>	<u>84,919</u>	<u>84,919</u>	-
TOTAL		<u><u>800,889</u></u>	<u><u>800,889</u></u>	<u><u>800,889</u></u>	-

**GARFIELD BOARD OF EDUCATION
NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	391,671
Accounts Receivable		154,206

Current Liabilities

Less:

Accounts Payable	(212,326)
Unearned Revenue	(12,757)

Net Cash Resources	\$	320,794
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	2,663,228
Less Depreciation		72,357

Adjusted Total Operating Expense	\$	2,590,871
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<u>Average Monthly Operating Expense:</u>	\$	259,087
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<u>Three Times Monthly Average:</u>	\$	777,261
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Total Net Cash Resources	\$	320,794
Three Times Monthly Average		777,261

Net Cash Resources below Three Month Average Expenses	\$	(456,467)
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**GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	2017-2018 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	276		276		-	-	126		126			-	-				
Full Day Preschool - 4 years	282		282		-	-	66		66			-	-				
Full Day Kindergarten	344		344		-	-	64		64			-	-				
One	314		314		-	-	63		63			-	-				
Two	312		312		-	-	59		59			-	-				
Three	342		342		-	-	66		66			-	-				
Four	301		301		-	-	63		63			-	-				
Five	294		294		-	-	47		47			-	-				
Six	247		247		-	-	247		247			-	-				
Seven	244		244		-	-	244		244			-	-				
Eight	261		261		-	-	261		261			-	-				
Nine	262		262		-	-	254		254			-	-				
Ten	205	1	205	1	-	-	200		200			-	-				
Eleven	220	9	220	9	-	-	215		215			-	-				
Twelve	209	3	209	3	-	-	194		194			-	-				
Adult High School(15+ Credits)					-	-						-	-				
Subtotal	4,113	13	4,113	13	-	-	2,169	-	2,169	-	-	-	-	-	-	-	
Spec Ed - Elementary	364		364		-	-	92		92			-	-	5	4	4	-
Spec Ed- Middle School	217		217		-	-	211		212			(1)	-	2	1	1	-
Spec Ed - High School	178		178		-	-	152		154			(2)	-	17	16	16	-
Subtotal	759	-	759	-	-	-	455	-	458	-		(3)	-	24	21	21	-
Totals	4,872	13	4,872	13	-	-	2,624	-	2,627	-		(3)	-	24	21	21	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>						<u>-0.11%</u>	<u>0.00%</u>				<u>0.00%</u>

**GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	Resident Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-School (3 Yrs)			-			-			-			-
Full Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten	261.0	261.0	-	5.0	5.0	-	23.0	23.0	-	5.0	5.0	-
One	228.0	228.0	-	5.0	5.0	-	20.0	20.0	-	5.0	5.0	-
Two	233.0	233.0	-	5.0	5.0	-	20.0	20.0	-	5.0	5.0	-
Three	260.0	260.0	-	5.0	5.0	-	16.0	16.0	-	3.0	3.0	-
Four	225.0	225.0	-	5.0	5.0	-	16.0	16.0	-	3.0	3.0	-
Five	207.0	207.0	-	4.0	4.0	-	11.0	11.0	-	2.0	2.0	-
Six	175.0	175.0	-	3.0	3.0	-	8.0	8.0	-	2.0	2.0	-
Seven	184.0	184.0	-	4.0	4.0	-	16.0	16.0	-	3.0	3.0	-
Eight	196.0	196.0	-	4.0	4.0	-	14.0	14.0	-	3.0	3.0	-
Nine	187.0	187.0	-	4.0	4.0	-	13.0	13.0	-	3.0	3.0	-
Ten	159.5	159.5	-	4.0	4.0	-	11.0	11.0	-	3.0	3.0	-
Eleven	156.0	156.0	-	4.0	4.0	-	10.0	10.0	-	2.0	2.0	-
Twelve	151.5	151.5	-	4.0	4.0	-	3.0	3.0	-	1.0	1.0	-
Subtotal	2,623.0	2,623.0	-	56.0	56.0	-	181.0	181.0	-	40.0	40.0	-
Spec Ed - Elementary	300.0	300.0	-	6.0	6.0	-	2.0	2.0	-	1.0	1.0	-
Spec Ed- Middle School	184.0	184.0	-	5.0	5.0	-	3.0	3.0	-	1.0	1.0	-
Spec Ed - High School	165.0	163.0	(2.0)	4.0	4.0	-	1.0	1.0	-			-
	649.0	647.0	(2.0)	15.0	15.0	-	6.0	6.0	-	2.0	2.0	-
Totals	3,272.0	3,270.0	(2.0)	71.0	71.0	-	187.0	187.0	-	42.0	42.0	-

-0.06%

0.00%

0.00%

0.00%

Percentage Error

Transportation

	Reported on DRTRS by District	Reported on DRTRS by DOE	Errors	Tested	Verified	Errors
	Regular Public Schools	231.0	231.0			
Transported Non-Public	32.0	32.0	-	4.0	4.0	-
Regular Special Ed.	132.0	132.0	-	17.0	16.0	1.0
Special Needs or OOD	104.0	104.0	-	13.0	13.0	-
Totals	499.0	499.0	-	64.0	63.0	1.0

0.00%

1.56%

**GARFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Full Day Pre-School (3 Yrs)			-			-
Full Day Pre-School (4 Yrs)			-			-
Full Day Kindergarten	21.0	21.0	-	5.0	5.0	-
One	10.0	10.0	-	3.0	3.0	-
Two	6.0	6.0	-	1.0	1.0	-
Three	8.0	8.0	-	2.0	2.0	-
Four	2.0	2.0	-	1.0	1.0	-
Five	5.0	5.0	-	1.0	1.0	-
Six	2.0	2.0	-	1.0	1.0	-
Seven	4.0	4.0	-	1.0	1.0	-
Eight	1.0	1.0	-	1.0	1.0	-
Nine	7.0	7.0	-	2.0	2.0	-
Ten	4.0	4.0	-	1.0	1.0	-
Eleven			-			-
Twelve	1.0	1.0	-	1.0	1.0	-
Subtotal	71.0	71.0	-	20.0	20.0	-
Spec Ed - Elementary			-			-
Spec Ed- Middle School			-			-
Spec Ed - High School			-			-
Totals	71.0	71.0	-	20.0	20.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**GARFIELD BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SECTION 1B

A. 2% Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures reported on Exhibit C-1	\$ 99,395,441
Increased by Applicable Operating Transfers	
Transfer to Special Revenue Fund - Preschool Education	453,630
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	<u>(554,529)</u>
2016-2017 Adjusted General Fund & Other State Expenditures	\$ 99,294,542
Decreased by:	
On-Behalf TPAF Pension & Social Security	(10,730,035)
Assets Acquired Under Capital Leases	<u>(208,584)</u>
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 88,355,923</u>
2% of Adjusted 2016-2017 General Fund Expenditures	<u>\$ 1,767,118</u>
Enter Greater of 2% of Adjusted 2016-2017 General Fund Expenditures or \$250,000	\$ 1,767,118
Increased by: Allowable Adjustment	
Extraordinary Aid	161,173
Nonpublic Transportation Aid	<u>5,568</u>
	<u>166,741</u>
Maximum Unassigned Fund Balance	<u>\$ 1,933,859</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2017 (Per CAFR Budgetary Comparison schedule/statement)	\$ 4,316,376
Decreased by:	
Year End Encumbrances	\$ 116,798
Capital Reserve	1
Designated for Subsequent Years Expenditures	1,495,123
Excess Surplus - Designated for Subsequent Year's Expenditures	958,912
ARRA/SEMI - Designated for Subsequent Year's Expenditures	<u>4,877</u>
	<u>2,575,711</u>
Total Unassigned Fund Balance	<u>\$ 1,740,665</u>

SECTION 3 - All Districts

Fund Balance - Excess Surplus	<u>\$ -</u>
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Recapitulation of Excess Surplus as of June 30, 2017

Excess Surplus - Designated for Subsequent Year Expenditures	<u>\$ 958,912</u>
Total Excess Surplus	<u>\$ 958,912</u>

**GARFIELD BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Encumbrances per the June 30, 2017

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Canc./Recl. Through Audit Adjustments</u>	
Board Secretary Report (Funds 11, 12, 13)				\$ 116,798
Audit Services	\$ 50,000	\$ 50,000	-	
Cleaning, Repair & Maintenance	<u>33,783</u>	<u>33,783</u>	-	
Total Audited	<u>83,783</u>	<u>83,783</u>	-	
Unaudited	<u>33,015</u>	<u>33,015</u>	-	
Total Encumbrances	<u>116,798</u>	<u>116,798</u>	-	
Total Encumbrances Cancelled During the Audit				<u>-</u>
Sub-total Fund Balance Reserved for Encumbrances				116,798
Add: Unrecorded Encumbrances				<u>-</u>
Fund Balance Reserved for Encumbrances in the CAFR				<u>\$ 116,798</u>

**GARFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. A billing and accounts receivable ledger be maintained for tuition charged for special education students attending the District.
2. All checks issued from the scholarship account be approved in the official minutes.

III. School Purchasing Program

- * It is recommended that continued efforts be made to be in compliance with the requirements of the Local Public Contracts Law.

IV. Food Service Fund

It is recommended that:

1. Food service daily point of sale reports be reconciled with the daily bank deposits.
2. A review be made of the student accounts receivable in the Food Service Fund and uncollectable amounts be cleared of record.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

**GARFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

IX. Miscellaneous

There are none.

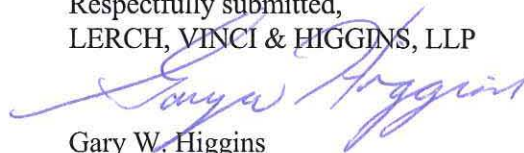
X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except 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 us.

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins
Public School Accountant
Certified Public Accountant