

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

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

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AUDITOR'S MANAGEMENT REPORT

Honorable President and
Members of the Board of Trustees
Plainfield Board of Education
Plainfield, 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 Plainfield Board of Education in the County of Union for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 27, 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 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
Certified Public Accountants
Public School Accountants

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 27, 2017

**PLAINFIELD 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, the activities of the Board of Education, 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 contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Gary Ottmann	Business Administrator	\$182,000
Yolanda D. Koon	Asst. Business Administrator	103,000

There is a policy for Public Employee Dishonesty with Faithful Performance with the New Jersey Schools Insurance Group covering 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 reveal any discrepancies with respect to signatures and supporting documentation.

Finding (CAFR Finding 2017-002) – Certain goods and/or services were ordered or received by the District prior to the issuance of an approved purchase order.

Recommendation – A properly executed purchase order be prepared and recorded prior to goods being ordered or services being rendered.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

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

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.

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

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: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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

Finding – The audit indicated that the District did not receive \$581,388 of its 2016/17 tax levy as of June 30, 2017. No recommendation is warranted since the amount was subsequently received by the District in July 2017.

Finding – One General Fund budget appropriation was overexpended at June 30, 2017 as a result of an audit adjustment made to record a liability owed by the District for contractual student transportation services.

Recommendation – The District verify balances owed as of June 30 for all contractual arrangements to ensure all liabilities are properly accrued.

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

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

The prescribed contractual order system was followed.

The Chief School Administrator did perform cash reconciliations for the general operating account, payroll account and payroll agency account (N.J.S.A. 18A:17-36).

The Chief School Administrator's records were in agreement with the records of the Board Secretary.

Unemployment Compensation Insurance Trust Fund

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) 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 the projects under Titles I, II and III and the Elementary and Secondary Education Act as amended and reauthorized.

Our examination of the ESEA/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.

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

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 contained herein represent a true statement of 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.

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 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 subsequent to the end of the 90 day grant liquidation period required by the Office of Grants Management.

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:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively.

Pursuant to N.J.S.A. 18A:18A-3, a board of education may increase the bid threshold to \$40,000 if the District employs a Qualified Purchasing Agent. The District's School Administrator is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c.40A:11-9) and the board of education 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.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, 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 goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A.18A:18A-4.

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 and cooperative agreements.

**PLAINFIELD 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)

Finding (CAFR Finding 2017-003) – The audit of certain vendors paid in excess of the bid threshold indicated the following:

- Two vendors were not publicly advertised for bids.
- One professional services contract for asbestos removal approved by resolution of the Board was not advertised in the District's official newspaper.
- The required notification to the Executive County Superintendent for one emergency contract awarded by the Board for emergency roof repairs was not made.

Recommendation – Purchasing procedures be reviewed and enhanced to ensure all contract awards are made in accordance with the requirements of Public Contracts Law.

School Food Service

The financial transactions and statistical records of the School Food Services were reviewed. 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 District has contracted with Aramark Educational Services, LLC as its 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 program will return a profit of at least \$830,558. The operating results provision was not met and the FSMC provided a subsidy to the District of \$279,716.

As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed and no exceptions were noted between meals claimed and meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of certified students on file, times the number of operating days. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completed timely and available for review.

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 appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did exceed three months average expenditures.

Finding – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey Department of Education.

Recommendation – Corrective action be taken to reduce net cash resources below the maximum permitted level.

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

School Food Service (Continued)

Finding – Our audit of the Food Service Fund revealed certain amounts on the point of sale reports were not in agreement with the actual bank deposits.

Recommendation – The point of sale reports be reviewed and reconciled with bank deposits on a daily basis.

Food Distribution Program 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.

Student Body Activity

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

Finding – Our audit of the student activity funds revealed the following:

- Pre-numbered receipts were not available for Cedarbrook Elementary School and deposit slips were not available for audit from Cedarbrook Elementary School, Plainfield High School and Athletics.
- Game summary forms relating to the Athletic Account were not retained for audit.
- Documentation to support certain withdrawal authorizations at the Cedarbrook School was not available for audit.

Recommendation – Internal controls over student activity funds be reviewed and enhanced.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exceptions. The results of our 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 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 exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments which includes the following exceptions.

Finding (CAFR Finding 2017-001) – Our audit of the DRTRS revealed the following:

- One (1) charter school student's application was not available to verify enrollment.
- Seven (7) students reported as receiving transportation services were not eligible.
- Eleven (11) IEP's for special education students with special needs did not indicate transportation as a related service.

Recommendation – Internal controls over DRTRS reporting be reviewed and enhanced.

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

Pupil Transportation (Continued)

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

Facilities and Capital Assets

Our procedures included a review of the School Development Authority (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 of contracts for eligible facilities construction.

Since the District is classified as a School Based Budget District, certain SDA grant activity was conducted by the State on behalf of the Board.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was taken on all prior year findings except those denoted with an asterisk on the summary of recommendations.

**PLAINFIELD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (High Rate)	Paid	116,024	41,705	41,705	-	\$ 0.32	-
	Reduced	56,882	21,437	21,437	-	2.78	-
	Free	<u>775,631</u>	<u>291,952</u>	<u>291,952</u>	-	3.18	-
	Total Lunch	<u>948,537</u>	<u>355,094</u>	<u>355,094</u>	-		-
National School Lunch	HHFKA-PB Lunch Only	<u>948,537</u>	<u>355,094</u>	<u>355,094</u>	-	0.06	-
School Breakfast (Severe Needs Rate)	Paid	147,995	53,511	53,511	-	0.29	-
	Reduced	52,379	19,836	19,836	-	1.74	-
	Free	<u>667,984</u>	<u>252,242</u>	<u>252,242</u>	-	2.04	-
	Total Breakfast	<u>868,358</u>	<u>325,589</u>	<u>325,589</u>	-		-
School Snacks (At Risk/Area Eligible)	Paid						
	Reduced						
	Free	<u>54,972</u>	<u>19,035</u>	<u>19,035</u>	-	0.86	\$ -
	Total Snacks	<u>54,972</u>	<u>19,035</u>	<u>19,035</u>	-		-
		<u>2,820,404</u>	<u>1,054,812</u>	<u>1,054,812</u>	-		\$ -

**PLAINFIELD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Current Assets

Cash and Cash Equivalents	\$ 1,144,293
Due from Other Governments	263,862
Accounts Receivable	348,723

Current Liabilities

Accounts Payable	<u>(7,801)</u>
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Net Cash Resources	<u><u>\$ 1,749,077</u></u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$ 4,940,460
Less Depreciation	<u>(47,317)</u>

Adjusted Total Operating Expense	<u><u>\$ 4,893,143</u></u>
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<u>Average Monthly Operating Expense:</u>	<u><u>\$ 489,314</u></u>
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<u>Three Times Monthly Average:</u>	<u><u>\$ 1,467,943</u></u>
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Total Net Cash Resources	\$ 1,749,077
Three Times Monthly Average	<u>1,467,943</u>

Excess(Deficit) Cash Resources	<u><u>\$ 281,134</u></u>
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**PLAINFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	2016-17 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool - 3yr	6	-	6	-			6	-	6	-						
Full Day Preschool - 4yr	6	-	6	-			6	-	6	-						
Half Day Kindergarten																
Full Day Kindergarten	511	-	511	-	-	-	49		49		-	-				
One	651	-	651	-	-	-	101		101		-	-				
Two	638	-	638	-	-	-	57		57		-	-				
Three	604	-	604	-	-	-	93		93		-	-				
Four	612	-	612	-	-	-	32		32		-	-				
Five	562	-	562	-	-	-	52		52		-	-				
Six	495	-	495	-	-	-	201		201		-	-				
Seven	437	-	437	-	-	-	170		170		-	-				
Eight	465	-	465	-	-	-	136		136		-	-				
Nine	453	-	453	-	-	-	386		386		-	-				
Ten	469	-	469	-	-	-	400		400		-	-				
Eleven	433	16	433	16	-	-	338	16	338	16	-	-				
Twelve	416	4	416	4	-	-	329	4	329	4	-	-				
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	6,758	20	6,758	20	-	-	2,356	20	2,356	20	-	-	-	-	-	-
Special Ed - Elementary	514	-	514	-	-	-	33		33		-	-	26	19	19	-
Special Ed - Middle School	292	-	292	-	-	-	18		18		-	-	13	10	10	-
Special Ed - High School	225	37	225	37	-	-	14	3	14	3	-	-	27	20	20	-
Subtotal	1,031	37	1,031	37	-	-	65	3	65	3	-	-	66	49	49	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	7,789	57	7,789	57	-	-	2,421	23	2,421	23	-	-	66	49	49	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

**PLAINFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool												
Half Day Kindegarten												
Full Day Kindergarten	580.0	580.0	-	8.0	8.0	-	287.0	287.0	-	8.0	8.0	-
One	700.0	700.0	-	10.0	10.0	-	394.0	394.0	-	10.0	10.0	-
Two	659.0	659.0	-	10.0	10.0	-	360.0	360.0	-	10.0	10.0	-
Three	621.0	621.0	-	9.0	9.0	-	299.0	299.0	-	8.0	8.0	-
Four	591.0	591.0	-	9.0	9.0	-	216.0	216.0	-	6.0	6.0	-
Five	567.0	567.0	-	8.0	8.0	-	128.0	128.0	-	3.0	3.0	-
Six	546.0	546.0	-	8.0	8.0	-	58.0	58.0	-	1.0	1.0	-
Seven	452.0	452.0	-	7.0	7.0	-	68.0	68.0	-	2.0	2.0	-
Eight	405.0	405.0	-	6.0	6.0	-	91.0	91.0	-	2.0	2.0	-
Nine	441.0	441.0	-	6.0	6.0	-	148.0	148.0	-	4.0	4.0	-
Ten	444.5	444.5	-	6.0	6.0	-	139.0	139.0	-	4.0	4.0	-
Eleven	384.5	384.5	-	5.0	5.0	-	140.0	140.0	-	4.0	4.0	-
Twelve	380.5	380.5	-	5.0	5.0	-	87.0	87.0	-	2.0	2.0	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	6,772	6,772	-	97	97	-	2,415	2,415	-	64	64	-
Special Ed - Elementary	579.0	579.0	-	8.0	8.0	-	201.0	201.0	-	5.0	5.0	-
Special Ed - Middle	299.0	299.0	-	4.0	4.0	-	11.0	11.0	-	1.0	1.0	-
Special Ed - High	243.0	243.0	-	3.0	3.0	-	6.0	6.0	-	1.0	1.0	-
Subtotal	1,121	1,121	-	15	15	-	218	218	-	7	7	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	7,893	7,893	-	112	112	-	2,633	2,633	-	71	71	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg. - Public Schools, col. 1	865	865	-	85	84	1
Reg -SpEd, col. 4	461	461	-	45	31	14
Transported - Non-Public, col. 3	286	286	-	28	28	-
Special Ed Spec, col. 6	247	247	-	24	20	4
Totals	1,859	1,859	-	182	163	19
Percentage Error					10.44%	

**PLAINFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	26	26	-	7	7	-
One	15	15	-	4	4	-
Two	14	14	-	3	3	-
Three	10	10	-	3	3	-
Four	9	9	-	2	2	-
Five	7	7	-	2	2	-
Six	6	6	-	1	1	-
Seven	7	7	-	2	2	-
Eight	13	13	-	3	3	-
Nine	26	26	-	6	6	-
Ten	27	27	-	7	7	-
Eleven	29	29	-	7	7	-
Twelve	22	22	-	5	5	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>211</u>	<u>211</u>	<u>-</u>	<u>52</u>	<u>52</u>	<u>-</u>
Special Ed - Elementary	8	8	-	2	2	-
Special Ed - Middle	2	2	-	1	1	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>10</u>	<u>10</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>221</u>	<u>221</u>	<u>-</u>	<u>55</u>	<u>55</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

Section 1

Calculation A: 2% Excess Surplus:

All districts required to use school-based budgeting are required to complete this calculation using 2%.

2016-2017 Total General Fund Expenditures reported on Exhibit C-1	\$ 169,312,595
Add: Transfer from General Fund to Special Revenue Fund for Preschool - Regular	512,295
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	(1,621,234)
2016-2017 Adjusted General Fund & Other State Expenditures	168,203,656
Decreased by:	
On-Behalf TPAF Pension & Social Security	(14,681,372)
2016-2017 General Fund Expenditures	\$ 153,522,284
2% of Adjusted 2016-2017 General Fund Expenditures (or \$250,000)	\$ 3,070,446
Increased by: Allowable Adjustment - Additional Nonpublic Transportation Aid	37,932
Allowable Adjustment - Extraordinary Aid (Excess of Budgeted Amount)	671,340
Maximum Unassigned Fund Balance	\$ 3,779,718

SECTION 2

Total General Fund - Fund Balances at June 30, 2017 (Per CAFR Budgetary Comparison schedule/statement)	\$ 22,857,450
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Decreased by:	
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,389,646
Capital Reserve	2,412,729
Capital Reserve - Designated for Subsequent Year's Expenditures	6,000,000
Maintenance Reserve	2,000,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	1,000,000
Committed - Year End Encumbrances	738,989
Assigned - Year End Encumbrances	297,762
Assigned - ARRA/SEMI Designated for Subsequent Year's Expenditures	22,025
Assigned - Designated for Subsequent Year's Expenditures	4,718,082
	18,579,233
Total Unassigned Fund Balance	\$ 4,278,217

SECTION 3

Fund Balance - Excess Surplus	\$ 498,499
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Recapitulation of Excess Surplus as of June 30, 2017

Excess Surplus	\$ 498,499
Excess Surplus - Designated for Subsequent Year's Expenditures	1,389,646
	\$ 1,888,145

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

General Fund (Funds 11, 12, 13)

Encumbrances per the June 30, 2017 Board Secretary Report \$ 1,019,376

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Regular Instruction			
Special Education Instruction			
Other Instruction			
Student Support Services			
General Administration	\$ 58,000	\$ 58,000	
Central Services			
Plant Operations and Maintenance	191,862	191,862	
Transportation	30,525	30,525	
Capital Outlay	738,989	738,989	-
	<u>\$ 1,019,376</u>	<u>\$ 1,019,376</u>	<u>\$ -</u>

Total Encumbrances Created During the Audit	-
Committed Fund Balance - Year End Encumbrances in the CAFR - June 30, 2017	738,989
Assigned Fund Balance - Year End Encumbrances in the CAFR - June 30, 2017	280,387
	<u>\$ 1,019,376</u>

Blended Resource Fund (Fund 15)

Encumbrances per the June 30, 2017 Board Secretary Report \$ 17,375

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Regular Instruction	\$ 17,375	\$ 17,375	
Special Education Instruction			
Other Instruction			
Student Support Services			
School Administration			
Transportation			
Capital Outlay	-	-	-
	<u>\$ 17,375</u>	<u>\$ 17,375</u>	<u>\$ -</u>

Total Encumbrances Created During the Audit	-
Assigned Fund Balance - Year End Encumbrances in the CAFR - June 30, 2017	17,375
Grand Total	<u>\$ 297,762</u>

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

Special Revenue Fund (Fund 20)

Encumbrances per the June 30, 2017 Board Secretary Report \$ 34,029

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Regular Instruction			
Special Education Instruction			
Other Instruction	\$ 25,748	\$ 25,748	
Student Support Services	8,281	8,281	
Transportation			
Capital Outlay	-	-	\$ -
	<u>\$ 34,029</u>	<u>\$ 34,029</u>	<u>\$ -</u>

Total Encumbrances Reclassified During the Audit -

Assigned Fund Balance - Year End Encumbrances in the CAFR - June 30, 2017 \$ 34,029

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

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. A properly executed purchase order be prepared and recorded prior to goods being ordered or services being rendered.
2. The District verify balances owed as of June 30 for all contractual arrangements to ensure all liabilities are properly accrued.

III. School Purchasing Program

It is recommended that purchasing procedures be reviewed and enhanced to ensure all contract awards are made in accordance with the requirements of the Public School Contracts Law.

IV. School Food Service

It is recommended:

1. Corrective action be taken to reduce net cash resources below the maximum permitted level.
2. The point of sale reports be reviewed and reconciled with bank deposits on a daily basis.

V. Student Body Activities

It is recommended that internal controls over student activity funds be reviewed and enhanced.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

- * It is recommended that internal controls over the DRTRS reporting be reviewed and enhanced.

VIII. Facilities and Capital Assets

There are none.

IX. Miscellaneous

There are none.

Status of Prior Years' Audit Findings/Recommendations

Corrective action was taken on all prior year audit findings/recommendations except those denoted above with an asterisk.

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

ACKNOWLEDGMENT

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