

**Redford Union School District #1
Redford, Michigan**

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

June 30, 2015

Redford Union School District #1

TABLE OF CONTENTS

June 30, 2015

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	1-3
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	4-7
Notes to Schedule of Expenditures of Federal Awards	8-9
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	10-11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	12-14
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	15

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



2601 Cambridge Court
Suite 201
Auburn Hills, MI 48326
(248) 844-2550
FAX: (248) 844-2551

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education
Redford Union School District #1
Redford, Michigan

Report on Compliance for Each Major Federal Program

We have audited Redford Union School District #1's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Redford Union School District #1's major federal programs for the year ended June 30, 2015. Redford Union School District #1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Redford Union School District #1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal program occurred. An audit includes examining, on a test basis, evidence about Redford Union School District #1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Redford Union School District #1's compliance.

Opinion on Each Major Federal Program

In our opinion, Redford Union School District #1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described as item 2015-003 in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to this matter.

Redford Union School District #1's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of Redford Union School District #1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Redford Union School District #1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Redford Union School District #1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redford Union School District #1 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 16, 2015

Redford Union School District #1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Michigan Department of Education			
School Breakfast Program	10.553	(f)	
2014-15 - cash assistance		151970	\$ 236,694
2013-14 - cash assistance		141970	<u>281,086</u>
			517,780
National School Lunch Program	10.555	(f)	
2014-15 Noncash assistance - entitlement commodities (a)		82110	62,380
2014-15 - cash assistance		151960	608,891
2013-14 - cash assistance		141960	<u>671,456</u>
			1,342,727
Summer Food Service Program	10.559	(f)	
2013-14		140900, 141900	10,206
2014-15		150900, 151900	<u>2,697</u>
			<u>12,903</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,873,410
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Michigan Department of Education			
Title I, Part A	84.010	(e)	
2014-15		1515301415	1,131,643
2013-14		1415301314	<u>954,172</u>
			2,085,815
Title II, Part A	84.367		
2014-15		1505201415	169,630
2013-14		1405201314	<u>198,891</u>
			368,521

See accompanying notes to the schedule.

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2014</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2015</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>
\$ -	\$ -	\$ 236,694	\$ 236,694	\$ -0-
250,500	-	30,586	30,586	-0-
250,500	-0-	267,280	267,280	-0-
-	-	62,380	62,380 ^(c)	-0-
-	-	608,891	608,891	-0-
590,218	-	81,238	81,238	-0-
590,218	-0-	752,509	752,509	-0-
-	-	10,206	10,206	-0-
-	-	-	2,697	2,697
-0-	-0-	10,206	12,903	2,697
840,718	-0-	1,029,995	1,032,692	2,697
-	-	631,954	1,021,342	389,388
928,729	183,899	183,899	-	-0-
928,729	183,899	815,853	1,021,342	389,388
-	-	102,584	169,630	67,046
176,141	51,015	51,015	-	-0-
176,141	51,015	153,599	169,630	67,046

Redford Union School District #1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF EDUCATION - continued			
Passed Through the Michigan Department of Education and Wayne County RESA			
IDEA - Flowthrough	84.027	(e)(g)	
2014-15 Regular		N/A	\$ 701,892
2014-15 CPA		N/A	349,200
2013-14 CPA		N/A	<u>372,187</u>
			1,423,279
IDEA - Preschool Incentive	84.173	(e)(g)	
2014-15		N/A	32,589
ARRA - IDEA Flowthrough	84.391A	(e)(g)	
		N/A	<u>20,672</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			3,930,876
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through the Michigan Department of Community Health and Wayne County RESA			
Medicaid outreach	93.778	N/A	<u>22,806</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 5,827,092</u></u>

See accompanying notes to the schedule.

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2014</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2015</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>
\$ -	\$ -	\$ 507,733	\$ 701,892	\$ 194,159
-	-	246,105	349,200	103,095
<u>372,187</u>	<u>202,467</u>	<u>202,467</u>	<u>-</u>	<u>-0-</u>
372,187	202,467	956,305	1,051,092	297,254
-	-	32,589	32,589	-0-
<u>14,610</u>	<u>-</u>	<u>6,062</u>	<u>6,062</u>	<u>-0-</u>
1,491,667	437,381	1,964,408	2,280,715	753,688
<u>-</u>	<u>-</u>	<u>19,143</u>	<u>22,806</u>	<u>3,663</u>
<u><u>\$ 2,332,385</u></u>	<u><u>\$ 437,381</u></u>	<u><u>\$ 3,013,546</u></u>	<u><u>\$ 3,336,213</u></u>	<u><u>\$ 760,048</u></u>
		(d)	(b)	

Redford Union School District #1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Redford Union School District #1 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) through (g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards.

- (a) The current year revenues for the Food Donation Program are determined based on the 2002/03 guidance provided previously from the Michigan Department of Education Administrative Policy Number 7. The amounts reported in this schedule as commodities received were taken from the Recipient Entitlement Balance Report which is in agreement in all material respects with the School's reported amounts.
- (b) The expenditures reported in this schedule are in agreement with the amounts reported in the financial statements and financial reports. The financial reports tested, including claims for advances and reimbursements, were materially correct, complete, accurate, and timely, and contain information that is supported by the books and records from which the financial statements have been prepared.
- (c) The amount of out of condition commodities due to spoilage or shrinkage included in expenditures is immaterial to the Schedule of Expenditures of Federal Awards taken as a whole.
- (d) The amounts reported in this schedule as cash received are in agreement with the "paid during date range" amounts on the Grant Auditor Report, except as noted below:

<u>Grant #</u>	<u>Payments Per MDE Report</u>	<u>Plus (Less): Difference Between Cash Received and Reported</u>	<u>Cash Receipts Per Current SEFA</u>
1515301415	\$ 976,916	\$ (344,962)	\$ 631,954
1505201415	169,630	(67,046)	102,584

- (e) Denotes program tested as "major program".
- (f) Denotes programs required to be clustered by the United States Department of Agriculture.
- (g) Denotes programs required to be clustered by the United States Department of Education.

Redford Union School District #1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2015

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the federal revenues reported in the June 30, 2015 basic financial statements to the expenditures of the District administered federal programs reported on the Schedule of Expenditures of Federal Awards:

Federal revenue per financial statements:	\$ 3,617,326
Less: Build America Bond revenue not subject to Single Audit	<u>(281,113)</u>
Total expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 3,336,213</u>

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



2601 Cambridge Court
Suite 201
Auburn Hills, MI 48326
(248) 844-2550
FAX: (248) 844-2551

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Redford Union School District #1
Redford, Michigan

We have audited, in accordance with the auditing standards general in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redford Union School District #1 (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Redford Union School District #1's basic financial statements and have issued our report thereon dated October 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Redford Union School District #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Redford Union School District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as 2015-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

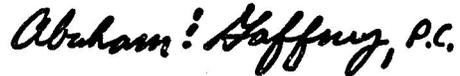
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2015-002.

The District's Response to Findings

Redford Union School District #1's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 16, 2015

Redford Union School District #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported by Section 510(a) of Circular A-133? X Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010 84.027, 84.173, 84.391A	Title I Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

2015-001 MATERIAL JOURNAL ENTRY

Condition: A material journal entry was proposed to correct a misstatement that was not detected by the District's internal control over financial reporting. The entry related to recognition of a receivable for Build America Bonds interest subsidy not initially claimed by the District.

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the recoding of all appropriate journal entries so that the trial balances reflect amounts that are in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Cause: The District's internal controls over financial reporting failed to identify this misstatement.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended June 30, 2015

Section II - Financial Statement Findings - Continued

2015-001 MATERIAL JOURNAL ENTRY - CONTINUED

Effect: Without the recording of this journal entry the financial statements would have been materially misstated.

Recommendation: We recommend the District take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: The Build America Bond tax credit was not issued by the IRS to BNY Mellon Bank in a timely manner. This is the first time this has happened. Subsequently the bank did receive the credit, but the bank did not remit it to the District. The District did subsequently request and receive the tax credit. Moving forward the District will request the tax credit at a later date (as soon as it becomes available) if it is not received by the bond payment due date.

2015-002 UNFAVORABLE BUDGET VARIANCES

Condition: During our review of the District's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated in certain areas within the General Fund and the Special Education Center Program Fund. A similar issue was noted and reported in our prior year audit findings.

Criteria: The Uniform Budgeting and Accounting Act requires the District to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined". The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body".

Cause: The District did not sufficiently amend the budget when it became apparent spending was going to exceed the amounts appropriated in the over budget areas.

Effect: The District has not maintained adequate control over budgetary compliance in accordance with State law in the certain areas where the overages occurred.

Recommendation: We recommend the District continue to monitor budgeted expenditures against actual expenditures to alleviate future unfavorable budget variances and make appropriate budget amendments as needed.

Corrective Action Response: The Uniform Budgeting and Accounting Act requires an amendment to the original budget as soon as it becomes apparent that a deviation from the original budget is necessary and the amount of the deviation can be determined. Management will review procedures related to budgetary compliance in accordance with state law and comply to the extent we can but it is difficult to determine the exact amount of a deviation. Understanding compliance could lead to many budget amendments throughout the year as circumstances are fluid and non-budgeted items occur frequently due to circumstances beyond our control.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended June 30, 2015

Section III - Federal Award Findings and Questioned Costs

Program: Child Nutrition Cluster from U.S. Department of Agriculture passed through Michigan Department of Education CFDA# 10.553, 10.555, and 10.559, pass-through grant numbers 151970, 141970, 82110, 151960, 141960, 140900, 141900, 150900, and 151900.

Finding Type: Noncompliance (Special Tests and Provisions)

2015-003 EXCESS FUND BALANCE - NONPROFIT FOOD SERVICE FUND

Condition: During our review of the District's compliance with federal guidelines related to allowable levels of fund balance in the nonprofit Food Service Fund, we noted that the ending fund balance of \$764,332 amounted to approximately 60 percent of the District's expenditures and other financing uses. This fund balance exceeds the maximum allowed under Federal regulations. A similar issue was noted and reported in our prior year audit findings.

Criteria: Federal regulations (7 CFR 210.19(a)(2)) state that net cash resources in the nonprofit Food Service Fund should not exceed three months' average expenditures, calculated on a nine-month school year.

Cause: Unknown.

Effect: The District is not in compliance with applicable Federal regulations.

Recommendation: We recommend the District monitor revenues and expenditures within the nonprofit Food Service Fund to ensure that fund balance does not exceed the amount allowed in federal regulations.

Corrective Action Response: As in the most immediate past year, the Accounting Department will monitor the food service fund balance and develop a capital spending plan in conjunction with the food service manager to bring down the food service fund balance to maximum allowed by law, if we are determined to be out of compliance.

Redford Union School District #1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2015

FINDINGS/NONCOMPLIANCE

Control Deficiencies Related to Internal Controls Over the Financial Statements.

2014-001 INCOMPLETE GENERAL LEDGER

Condition: During our analysis of the District's fiduciary funds, it was determined that three (3) bank accounts under control of the District had not been recorded in the general ledger. The accounts in question are activity accounts for MacGowan Elementary and Beech Elementary as well as Hilbert Junior High. The total dollar amount was \$89,944.

Current Status: The accounts in question have been recorded in the District's general ledger. We consider this issue resolved.

2014-002 INTERNAL CONTROLS OVER DISBURSEMENTS

Condition: During our testing of internal controls over the disbursement process, we noted that twenty-two (22) of forty (40) items selected has no documented indication of management approval prior to payment.

Current Status: Proper approvals were noted during our current year testing. We consider this issue resolved.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

2014-003 UNFAVORABLE BUDGET VARIANCES

Condition: Expenditures exceeded the amounts appropriated in certain areas within the General Fund, Special Education Center Program Fund, and Food Service Fund.

Resolution: This issue is evaluated separately each year. We consider this issue resolved for the year ended June 30, 2014, however a similar issue was noted this year.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

2014-004 EXCESS FUND BALANCE - NONPROFIT FOOD SERVICE FUND

Condition: Fund balance in the Food Service Fund exceeded the maximum allowed under federal regulations.

Resolution: This issue is evaluated separately each year. We consider this issue resolved for the year ended June 30, 2014, however a similar issue was noted this year.