

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
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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
Northern Valley Regional High School District
Demarest, 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 Northern Valley Regional High School District as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 28, 2016.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

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

Respectfully submitted,

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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 28, 2016

**NORTHERN VALLEY REGIONAL HIGH 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 Board Designee, 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, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joanette Femia	Board Secretary/School Business Administrator	\$85,000

There is a Public Employees' Faithful Performance Blanket Position Bond with New Jersey Schools Insurance Group covering all other employees with multiple coverage of \$1,000,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any 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 fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were not certified by the President of the Board and the Board Secretary/School Business Administrator and the Chief School Administrator.

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

Payrolls were delivered to the Secretary of the Board who then deposited with a warrant made to his order for the full amount of each payroll.

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

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were greater than the estimated costs. The board made a proper adjustment to the billings to sending districts for the increase in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

**NORTHERN VALLEY REGIONAL HIGH 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 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.

Finding (CAFR 2016-001) – With respect to year end encumbrances and accounts payable:

- Our audit of year end open purchase orders in the Technical Services and Regional Special Education Enterprise Funds revealed certain encumbrances should have been classified as accounts payable.
- Our audit of payments made subsequent to June 30, 2016 and the review of the District's official minutes revealed unrecorded liabilities and encumbrances that were not reflected in the District's accounting records in the Capital Projects and Food Service Funds at year end.

Recommendation - Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classification as accounts payable or encumbrances, all liabilities be accrued and contracts be encumbered when awarded by the Board of Trustees.

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-8.3. As a result of the procedures performed, no transaction 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.

All receipts were promptly deposited

The prescribed contractual order system was followed.

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

Finding – The District requested the approval from the Executive County Superintendent a transfer from a General Fund current expense account to two capital projects in the capital outlay section of the General Fund budget. This request was partially denied since one of the projects was not included in the original approved 2015/16 budget. The District did not void the transfer and expended the funds since the District did not receive the denial promptly since the District did not submit the transfer separately but rather with the mid-year budget review.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Recommendation – All transfer requests to the Executive County Superintendent be submitted separately in order to ensure they are reviewed in a timely manner.

Bank Reconciliations

The Board finance office personnel did perform cash reconciliations for all District accounts (N.J.S.A. 18A:17-36).

The monthly records pertaining to cash reconciliations were in agreement with the records of the Board Secretary.

Finding – The audit disclosed that the District did not officially designate the Board employee performing monthly bank reconciliations and reports.

Recommendation – The Board of Trustees formally designate the employee responsible to prepare monthly bank reconciliations and reports.

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 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 (NCLB) Act of 2001

The E.S.E.A./IASA financial exhibits are contained within the Special Revenue Fund 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.

Our examination 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.

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 examination 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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) 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:18-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

Effective April 17, 2000 N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,880.

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 authorizations may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

The board 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 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 my 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.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Finding – Advertisements for awarding of certain professional service vendors were not on file and available for audit.

Recommendation – All professional service vendors awarded contracts be advertised and maintained on file as required.

**NORTHERN VALLEY REGIONAL HIGH 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 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 the district purchased items through the use of State contracts.

Finding (CAFR 2016-003) - Our audit of purchases revealed the following:

- We noted two (2) instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support that publicly advertised bids were sought, State Contract or Cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).

Recommendation - Procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).

Finding - A political contribution disclosure form was not on file and available for audit for certain vendors requiring such documentation.

Recommendation - Political contribution disclosure forms be obtained from vendors and maintained on file as required.

Food Service Fund

The District did not participate in the National School Lunch Program.

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

Cash receipts and bank records were reviewed for timely deposit.

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 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 District's food service management company is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The Food Service operations are managed by an outside food service vendor.

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Enterprise Funds

The District operated ten enterprise funds, excluding the Food Service Enterprise Fund.

Finding (CAFR Finding 2016-002) – The Technical Services and Teen and Tots Enterprise Funds have a deficit in net position at June 30, 2016 of \$93,713 and \$71,651, respectively.

Recommendation – Corrective action be taken to eliminate the deficits at June 30, 2016 in the respective Enterprise Funds.

Finding – With respect to the financial activities of the various enterprise funds the following was revealed:

1. The District does not have formal Board policies pertaining to the operations of each enterprise fund.
2. The District does not have an indirect cost study to support the allocation of indirect costs from the District's General Fund to the enterprise funds.
3. User charges and fees charged to customers of the various enterprise funds are not presented to the Board of Trustees for approval.
4. Certain general ledger account balances were not in agreement with subsidiary ledgers including accounts receivable, unearned revenue and deposits payable.
5. Pre-numbered receipts are not being issued for fees collected.
6. Certain enterprise funds are utilized for similar types of services which could be consolidated for financial reporting purposes.
7. The SAT classes enterprise is dormant and also not being used for the original intended purpose.
8. The Shared Service Enterprise Fund is utilized for limited purposes and the financial transaction could be consolidated with the General Fund.
9. Certain inter-enterprise fund financial transactions were not reconciled on a periodic basis.

Recommendation - The District implement policies and procedures pertaining to the financial operations of the enterprise funds, internal controls be reviewed and enhanced and consideration be given to consolidate and/or eliminate certain enterprise funds.

Student Activity Fund

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

Cash receipts and cash disbursements records were maintained in good condition.

All cash disbursements did have proper supporting documentation.

Finding – With respect to the Student Activity accounts:

Old Tappan General and Athletic Accounts

- No pre-numbered receipts were issued for collections of cash receipts in the General Account.
- No pre-numbered tickets were issued to attendees of athletic events.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Student Activity Fund (Continued)

Demarest General and Athletic Accounts

- Audit of the student activity bank reconciliation indicated numerous old outstanding checks.
- No pre-numbered receipts were issued for collections of cash receipts in the General Account.
- Audit of cash receipts in the General and Athletic accounts indicated numerous instances where collections were not deposited timely.
- No game summary worksheets were being prepared and maintained for all athletic events.
- No pre-numbered tickets were issued to attendees of athletic events.

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

Finding – The audit of the detail subaccounts for both activity accounts indicated certain activity sub-accounts are in a deficit position at June 30, 2016.

Recommendation – All activity sub-accounts in a deficit position be funded.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, 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 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 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 one isolated exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation-related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording DSA revenue, transfer local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities constructions. No exceptions were noted.

Finding – The audit of the Capital Projects Fund disclosed there exists certain completed referendum projects with unexpended balances. Additionally, the 2009 referendum is in a deficit position of \$23,221 as of June 30, 2016.

Recommendation – Prior year unexpended referendum proceeds for completed capital projects be cleared of record and the deficit in the 2009 referendum be eliminated.

Suggestions to Management

- Old outstanding checks on the District's general account reconciliation and adjustments on the net pay and payroll agency bank reconciliations be reviewed and cleared of record.
- Interfund balances be cleared of record.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

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

NOT APPLICABLE

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015**

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on Workpapers Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years																	
Full Day Preschool - 4 years																	
Half Day Kindergarten																	
Full Day Kindergarten																	
1st Grade																	
2nd Grade																	
3rd Grade																	
4th Grade																	
5th Grade																	
6th Grade																	
7th Grade																	
8th Grade																	
9th Grade	482	-	482	-	-	-	250	-	250	-	-	-	-	-	-	-	-
10th Grade	478	-	479	-	(1)	-	210	-	211	-	(1)	-	-	-	-	-	-
11th Grade	469	-	469	-	-	-	263	-	263	-	-	-	-	-	-	-	-
12th Grade	528	-	528	-	-	-	241	-	241	-	-	-	-	-	-	-	-
Subtotal	<u>1,957</u>	<u>-</u>	<u>1,958</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>964</u>	<u>-</u>	<u>965</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Spec Ed - Elementary	145	-	145	-	-	-	17	-	17	-	-	-	-	-	-	-	-
Spec Ed - Middle School	51	-	51	-	-	-	6	-	6	-	-	-	-	-	-	-	-
Spec Ed - High School	351	-	351	-	-	-	41	-	41	-	-	-	29.0	29.0	29.0	29.0	-
Subtotal	<u>547</u>	<u>-</u>	<u>547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29.0</u>	<u>29.0</u>	<u>29.0</u>	<u>29.0</u>	<u>-</u>
Totals	<u>2,504</u>	<u>-</u>	<u>2,505</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1,028</u>	<u>-</u>	<u>1,029</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>29.0</u>	<u>29.0</u>	<u>29.0</u>	<u>29.0</u>	<u>-</u>
Percentage Error					<u>-0.04%</u>	<u>0.00%</u>					<u>-0.10%</u>						<u>0.00%</u>

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID
 SCHEDULE OF AUDITED ENROLLMENTS
 OCROBER 15, 2015

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)												
Half Day Pre-School (4 Yrs)												
Half Day Kindergarten												
Full Day Kindergarten												
1st Grade												-
2nd Grade												
3rd Grade												
4th Grade												
5th Grade												
6th Grade												
7th Grade												
8th Grade												
9th Grade	8.0	7.0	1	7.0	6.0	1	1	1	-	1	1	-
10th Grade	6.0	3.0	3	3.0	3.0	-	-	-	-	-	-	-
11th Grade	7.0	5.0	2	5.0	5.0	-	1	1	-	1	1	-
12th Grade	3.0	3.0	-	3.0	3.0	-	-	-	-	-	-	-
Subtotal	24.0	18.0	6	18	17	1	2	2	-	2	2	-
Spec Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - High School	1.0	6.0	(5)	6	6	-	-	-	-	-	-	-
Subtotal	1.0	6.0	(5)	6	6	-	-	-	-	-	-	-
Totals	25.0	24.0	1	24	23	1	2	2	-	2	2	-
Percentage Error			<u>4.00%</u>		<u>4.17%</u>			<u>0.00%</u>			<u>0.00%</u>	

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	341.0	341.0	-	42.0	42.0	-
Transported - Non-Public	125.0	125.0	-	15.0	15.0	-
AIL - Non-Public			-			
Regular - Spec.	21.5	21.5	-	2.0	1.0	1
Special Needs - Public	46.5	46.5	-	6.0	6.0	-
Totals	534.0	534.0	-	65.0	64.0	1
			<u>0.00%</u>		<u>1.54%</u>	

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2015**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Half Day Kindergarten						
Full Day Kindergarten						
1st Grade			-			-
2nd Grade						
3rd Grade						
4th Grade						
5th Grade						
6th Grade						
7th Grade						
8th Grade						
9th Grade	7	6	1	6	6	-
10th Grade	2	2	-	2	2	-
11th Grade	1	1	-	1	1	-
12th Grade	1	1	-	1	1	-
Subtotal	<u>11</u>	<u>10</u>	<u>1</u>	<u>10</u>	<u>10</u>	<u>-</u>
Spec Ed - Elementary	9	9	-	9	9	-
Spec Ed - Middle School	-	2	(2)	2	2	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	<u>9</u>	<u>11</u>	<u>(2)</u>	<u>11</u>	<u>11</u>	<u>-</u>
Totals	<u>20</u>	<u>21</u>	<u>(1)</u>	<u>21</u>	<u>21</u>	<u>-</u>
Percentage Error			<u>5.00%</u>			<u>0.00%</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus

2015-16 Total General Fund Expenditures per the CAFR	\$ 57,122,149
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>5,851,450</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 51,270,699</u>
2% of Adjusted 2015-16 General Fund Expenditures	\$ 1,025,414
Allowable Adjustments	<u>171,382</u>
Maximum Unassigned Fund Balance	<u>\$ 1,196,796</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2016	\$ 5,034,041
Decreased by:	
Restricted	
Capital Reserve	1,994,289
Capital Reserve - Designated in Subsequent Year's Budget	790,000
Assigned	
Year End Encumbrances	217,956
Designated for Subsequent Year's Expenditures	<u>835,000</u>
Total Unassigned Fund Balance	<u>\$ 1,196,796</u>

SECTION 3

Reserved Fund Balance - Excess Surplus	<u>\$ 0</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 156,804
Nonpublic Transportation Aid	<u>14,578</u>
	<u>\$ 171,382</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classification as accounts payable or encumbrances, all liabilities be accrued and contracts be encumbered when awarded by the Board of Trustees.
2. All transfer requests to the Executive County Superintendent be submitted separately in order to ensure they are reviewed in a timely manner.
3. The Board of Trustees formally designate the employee responsible to prepare monthly bank reconciliations and reports.

III. School Purchasing Program

It is recommended that:

1. All professional service vendors awarded contracts be advertised and maintained on file as required.
2. Procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law.
3. Political contribution disclosure forms be obtained from vendors and maintained on file as required.

IV. School Food Services

There are none.

V. Enterprise Fund

It is recommended that:

1. Corrective action be taken to eliminate the deficits at June 30, 2016 in the respective Enterprise Funds.
2. The District implement policies and procedures pertaining to the financial operation of the enterprise funds, internal controls be reviewed and enhanced and consideration be given to consolidate and/or eliminate certain enterprise funds.

VI. Student Body Activities

It is recommended that:

1. Internal controls over student activity accounts be reviewed and enhanced.
2. All activity sub-accounts in a deficit position be funded.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS (Continued)

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IV. Facilities and Capital Assets

It is recommended that prior year unexpended referendum proceeds for completed capital projects be cleared of record and the deficit in the 2009 referendum be eliminated.

X. Status of Prior Years' Audit Findings/Recommendations

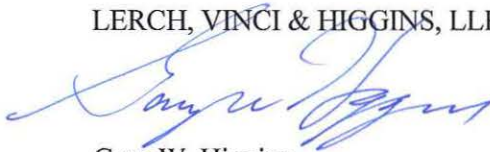
There were none.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins
Public School Accountant
PSA Number CS00814