

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

## 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, 2017, and have issued our report thereon dated November 30, 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.

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 30, 2017

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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 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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Financial Planning, Accounting and Reporting (Continued)**

**Reserve for Encumbrances and Accounts Payable**

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

**Finding (CAFR 2017-001)** – With respect to year end encumbrances and accounts payable:

- Our audit of year end open purchase orders in the Capital Projects Fund, Little Tots Enterprise Fund and Regional Special Education Enterprise Fund revealed certain encumbrances should have been classified as accounts payable.
- Our review of the District's official minutes revealed an unrecorded encumbrance that was not reflected in the District's accounting records in the Capital Projects Fund at year end related to a Board approved change order.

**Recommendation** - Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classification as accounts payable or encumbrances and all Board approved change orders 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** – Our audit indicated a General Fund budget appropriation account was overexpended. No recommendation is warranted since the amount is immaterial and it was considered an isolated instance.

**Finding** – The audit indicated there exists various interfund balances as of June 30, 2017.

**Recommendation** – All interfund balances be cleared of record.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Financial Planning, Accounting and Reporting (Continued)**

**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.

**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.

**Finding (CAFR Finding 2017-003)** – Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable wages.

**Recommendation** – The District review with its financial accounting software vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based only a pensionable wages subject to FICA.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

The 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.

**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.

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

**Finding** – Our audit of the Food Service Fund revealed certain amounts and composition (i.e. cash, check) 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.

**Enterprise Funds**

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

**Finding** – The Technical Services and Teen and Tots Enterprise Funds have a deficit in net position at June 30, 2017 of \$119,700 and \$59,389, respectively.

**Recommendation** – Corrective action be taken to eliminate the deficits at June 30, 2017 in the respective Enterprise Funds.



**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Enterprise Funds (Continued)**

**Finding (CAFR Finding 2017-002)** – 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. User charges and fees charged to customers of the various enterprise funds are not presented to the Board of Trustees for approval.
3. Certain general ledger account balances were not in agreement with subsidiary ledgers including accounts receivable, unearned revenue and deposits payable.
4. Certain enterprise funds are utilized for similar types of services which could be consolidated for financial reporting purposes.
5. The SAT Classes Enterprise Fund is dormant and the operation of the Shared Services Enterprise Fund was discontinued; however, each fund's net position has not been liquidated.
6. 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** – Receipt transmittals are not pre-numbered, properly completed and certain deposits were not made timely.

**Recommendation** – Receipt transmittals be pre-numbered, properly completed and related deposits be made timely.

**Finding** – The audit of the Demarest student activity and athletic bank reconciliations indicated numerous old outstanding checks.

**Recommendation** – Old outstanding checks on the Demarest student activity and athletic bank reconciliations be reviewed and cleared of record.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (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 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 no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

**Facilities and Capital Assets**

Our procedures included a review of 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** – Our audit of capital assets revealed certain current year additions were not added to the capital assets inventory report. The financial statements have been adjusted to reflect the unrecorded additions.

**Recommendation** – All current year additions be properly reflected in the District’s capital assets inventory.

**Suggestions to Management**

- Old outstanding checks on the District’s general account reconciliation and adjustments on the net pay, payroll agency and enterprise bank reconciliations be reviewed and 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, 2017**

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 14, 2016

	<u>2016-17 Application for State School Aid</u>						<u>Sample for Verification</u>						<u>Private Schools for Disabled</u>			
	<u>Reported on A.S.S.A. On Roll</u>		<u>Reported on Workpapers On Roll</u>		<u>Errors</u>		<u>Sample Selected from Workpapers</u>		<u>Verified per Registers On Roll</u>		<u>Errors per Registers On Roll</u>		<u>Reported on A.S.S.A. as Private Schools</u>	<u>Sample for Veri- fication</u>	<u>Sample Verified</u>	<u>Sample Errors</u>
	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>				
Half Day Preschool																
Full Day Preschool																
Half Day Kindegarten																
Full Day Kindergarten					-	-	-	-	-	-	-	-	-	-	-	-
One					-	-	-	-	-	-	-	-	-	-	-	-
Two					-	-	-	-	-	-	-	-	-	-	-	-
Three					-	-	-	-	-	-	-	-	-	-	-	-
Four					-	-	-	-	-	-	-	-	-	-	-	-
Five					-	-	-	-	-	-	-	-	-	-	-	-
Six					-	-	-	-	-	-	-	-	-	-	-	-
Seven					-	-	-	-	-	-	-	-	-	-	-	-
Eight					-	-	-	-	-	-	-	-	-	-	-	-
Nine	474	-	474	-	-	-	-	221	-	221	-	-	-	-	-	-
Ten	477	-	477	-	-	-	-	248	-	248	-	-	-	-	-	-
Eleven	493	-	493	-	-	-	-	217	-	217	-	-	-	-	-	-
Twelve	472	-	472	-	-	-	-	265	-	265	-	-	-	-	-	-
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	1,916	-	1,916	-	-	-	-	951	-	951	-	-	-	-	-	-
Special Ed - Elementary	143		143		-	-	-	17		17		-	-	-	-	-
Special Ed - Middle School	53		53		-	-	-	6		6		-	-	-	-	-
Special Ed - High School	350		350		-	-	-	41		41		-	-	24	24	-
Subtotal	546	-	546	-	-	-	-	64	-	64	-	-	-	24	24	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	2,462	-	2,462	-	-	-	-	1,015	-	1,015	-	-	-	24	24	-
Percentage Error					0.00%	0.00%						0.00%	0.00%			0.00%

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 14, 2016**

	<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 Kindergarten												
Full Day Kindergarten			-			-			-			-
One			-			-			-			-
Two			-			-			-			-
Three			-			-			-			-
Four			-			-			-			-
Five			-			-			-			-
Six			-			-			-			-
Seven			-			-			-			-
Eight			-			-			-			-
Nine	1	1	-	1	1	-	-	-	-	-	-	-
Ten	7	7	-	7	7	-	-	1	(1)	1	1	-
Eleven	9	7	2	7	6	1	-	1	(1)	1	1	-
Twelve	5	5	-	5	5	-	-	1	(1)	1	1	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>22</u>	<u>20</u>	<u>2</u>	<u>20</u>	<u>19</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>3</u>	<u>3</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - High	-	2	(2)	2	2	-	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>2</u>	<u>(2)</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>22</u>	<u>22</u>	<u>-</u>	<u>22</u>	<u>21</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>3</u>	<u>3</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>4.55%</u>						<u>0.00%</u>

**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	327	327	-	40	40	-
Reg -SpEd, col. 4	28	28	-	3	3	-
Transported - Non-Public, col. 3	130	130	-	16	16	-
Special Ed Spec, col. 6	42	42	-	5	5	-
Totals	<u>527</u>	<u>527</u>	<u>-</u>	<u>64</u>	<u>64</u>	<u>-</u>
Percentage Error						<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	<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			-			-
One			-			-
Two			-			-
Three			-			-
Four			-			-
Five			-			-
Six			-			-
Seven			-			-
Eight			-			-
Nine	8	8	-	8	8	-
Ten	4	3	1	3	3	-
Eleven	1	-	1	-	-	-
Twelve	2	1	1	2	1	1
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>15</u>	<u>12</u>	<u>3</u>	<u>13</u>	<u>12</u>	<u>1</u>
Special Ed - Elementary			-			-
Special Ed - Middle			-			-
Special Ed - High			-			-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>15</u>	<u>12</u>	<u>3</u>	<u>13</u>	<u>12</u>	<u>1</u>
Percentage Error			<u>20.00%</u>			<u>7.69%</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

2016-17 Total General Fund Expenditures per the CAFR		\$ 60,257,156
Increased by:		
Transfer from Capital Reserve to Capital Projects		459,084
		60,716,240
Decreased by:		
Assets Acquired Under Capital Leases	\$ 412,490	
On-Behalf TPAF Pension & Social Security	6,664,256	
		7,076,746
Adjusted 2016-17 General Fund Expenditures		\$ 53,639,494
2% of Adjusted 2016-17 General Fund Expenditures		\$ 1,072,790
Allowable Adjustments		148,552
Maximum Unassigned Fund Balance		\$ 1,221,342

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2017		\$ 5,200,197
Decreased by:		
Restricted		
Capital Reserve		1,235,819
Capital Reserve - Designated in Subsequent Year's Budget		760,000
Committed		
Year End Encumbrances		54,537
Assigned		
Year End Encumbrances		266,784
Designated for Subsequent Year's Expenditures		835,000
Total Unassigned Fund Balance		\$ 2,048,057

**SECTION 3**

<b>Reserved Fund Balance - Excess Surplus</b>		<b>\$ 826,715</b>
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**Detail of Allowable Adjustments**

Extraordinary Aid		\$ 131,792
Nonpublic Transportation Aid		16,760
		\$ 148,552

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
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. Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classification as accounts payable or encumbrances and all Board approved change orders be encumbered when awarded by the Board of Trustees.
- 2. All interfund balances be cleared of record.
- 3. The District review with its financial accounting software vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based only on pensionable wages subject to FICA.

III. School Purchasing Program

There are none.

IV. School Food Services

It is recommended that the point of sale reports be reviewed and reconciled with bank deposits on a daily basis.

V. Enterprise Funds

It is recommended that:

- \* 1. Corrective action be taken to eliminate the deficits at June 30, 2017 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. Receipt transmittals for student program activities be pre-numbered, properly completed and related deposits be made timely.
- 2. Old outstanding checks on the Demarest student activity and athletic bank reconciliations be reviewed and cleared of record.

VII. Application for State School Aid

There are none.



**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**RECOMMENDATIONS (Continued)**

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that all current year additions be properly reflected in the District's capital assets inventory.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year's recommendations. Corrective action was taken on all prior year recommendations, except those denoted with an asterisk (\*).

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814