

WARREN HILLS REGIONAL SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017

WARREN HILLS REGIONAL SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures - General and Administrative	3
Board Secretary's Records	3
Treasurer's Records	4
No Child Left Behind (N.C.L.B.)	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	5
Travel Expense and Reimbursement Policy	5
School Purchasing Programs:	5
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service Fund	6
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	8
Facilities and Capital Assets	8
Management Suggestions	9
Status of Prior Year's Findings/Recommendations	9
Schedule of Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	10
Excess Surplus Calculation	14
Summary of Recommendations	16



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 7, 2017

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
County of Warren, NJ

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 Board of Education of the Warren Hills Regional School District in the County of Warren for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 7, 2017.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 7, 2017, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestions and recommendations.

This report is intended for the information of the Warren Hills Regional School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

A handwritten signature in black ink, appearing to read "William F. Schroeder", is written over a horizontal line.

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2017

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Judith Favino	Treasurer of School Monies	\$ 300,000
Estrella Molinet	Board Secretary/School Business Administrator	300,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of 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 Superintendent and were certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies including health benefit withholdings due to the General Fund.

Findings:

- 1.) The District filed the required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrator) to the New Jersey Department of Treasury after the March 15th due date. However, since the District has subsequently filed the E-CERT1 form and has implemented procedures to ensure it is filed in a timely manner in fiscal year 2018, a formal recommendation is not deemed necessary.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Findings: (Cont'd)

- 2.) During our testing, we noted that the Unemployment Compensation Trust receipts from November 2016 to June 2017 were collected in the Payroll Agency Fund, but were not subsequently turned over to the Unemployment Compensation Trust. However, since the District is already in the process of rectifying this, a formal recommendation is not deemed necessary.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

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-8.2. Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following finding and recommendation.

Finding:

The District submitted for County Superintendent approval for transfers from the undistributed expenditures instruction line item account in excess of 10 percent, but was denied due to a late submission. County Superintendent approval is required for any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g). Furthermore, the District did not obtain approval by the Commissioner for withdrawals from the Emergency Reserve as per N.J.A.C. 6A:23A-14.4 because they did not have full documentation of this regulation on file.

Recommendation:

It is recommended that the District obtain County Superintendent's approval for any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g) and obtain Commissioner approval for withdrawals from the Emergency Reserve.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Management Response:

The District will obtain County Superintendent approval for any general fund appropriation account that on a cumulative basis exceeds 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g) and for any transfers to Capital Outlay other than equipment as per N.J.A.C. 6A:23A-13.3(h) and obtain Commissioner approval for withdrawals from the Emergency Reserve.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and Title II of the No Child Left Behind Act.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR.

This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Finding:

During our testing of the Special Education Medicaid Initiative (SEMI) program, we noted that the District did not obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students set forth in N.J.A.C. 6A:23A-5.3(e).

Recommendation:

It is recommended that the District obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students set forth in N.J.A.C. 6A:23A-5.3(e).

Management Response:

The District obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students set forth in N.J.A.C. 6A:23A-5.3(e).

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2017. The reimbursement form was reviewed and no exceptions were noted.

Travel Expenses and Travel Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted in our testing.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

N.J.S.A. 18A:18A-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 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. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its August 5, 2015 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

The Board of Education 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 Attorney'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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Based upon the results of our examination, we did not note any individual payments, contracts, or agreements 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, amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The school food service program was not selected as a major federal and/or state program. We inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

School Food Service (Cont'd)

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

Findings:

- 1.) Net cash resources of the Food Service Fund exceeded three months average expenditures by \$14,249. The District has attempted to bring net cash resources to the required level over the past few years, despite increasing prices in accordance with State regulations. Capital improvements have been made in the cafeteria to achieve the required level of resources. Therefore, a formal recommendation is not warranted.
- 2.) A review was completed by the State of New Jersey Department of Agriculture, Division of Food and Nutrition, for meal reimbursement claims for fiscal year 2017. The District received the Administrative Review Summary Report in September 2017 and has developed a corrective action plan. Since the amount of the over claim is below \$600, the State will not seek to recover these funds. No formal recommendation is judged to be warranted.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below.

Finding:

During our audit, we noted that the Athletics account was not being properly reconciled on a monthly basis due to personnel turnover halfway through the fiscal year. However, since the District has already implemented the correct procedures with the new Athletics Director and Athletics secretary to ensure the account is reconciled monthly, no formal recommendation is deemed warranted.

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 education students. 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 offsetting exceptions. The information that was included on the workpapers was verified on a test basis with no 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's written procedures for the recording of student enrollment data appear to be adequate.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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 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

There are no active SDA projects.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Management Suggestions

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Student Activities

It has recently been determined that School District personnel may not be completely aware of the limitations and restrictions on the use of Student Activity Funds. We believe it is important that the District be aware that any pupil organization which is part of the activity program of the School District, places at least indirect responsibility for supervision and control of that organization with the Board of Education. We suggest that the Board formally approve each school club or activity. As directed by the New Jersey Department of Education, collections related to fund raising for outside organizations should not be maintained in the District's Student Activity Funds.

Additionally, the District should ensure that District-wide standard policies and procedures are implemented for all Student Activity Funds. These policies should indicate the student activities funds are to be utilized for the benefit of the student activity or club and not to be utilized for enhancement of instructional programs or school facilities. The District should at least at a minimum communicate to school personnel on an annual basis the District's policies and procedures regarding Student Activity Funds. We suggest that these policies include guidance regarding timely deposits of funds and the safeguarding of funds prior to deposit as well as the appropriate purchasing guidelines for student activities disbursements.

Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding low income students reported on the A.S.S.A. has been resolved during the current fiscal year. The prior year recommendation regarding County Superintendent approval for all transfers to capital outlay other than equipment has not been resolved and is included in this report as a current year recommendation.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	2017-2018 Application for State School Aid						Sample for Verification							
	Reported on		Reported on		Errors		Sample		Selected from		Registers		Errors	
	On Roll	Shared	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	On Roll	Shared	Full	Shared
Grade Seven	262		262				262		262		262			
Grade Eight	264		264				264		264		264			
Grade Nine	264		264				264		264		264			
Grade Ten	253		253				253		253		253			
Grade Eleven	293		293				293		293		293			
Grade Twelve	251		251				251		251		251			
Subtotal	1,587		1,587				1,587		1,587		1,587			
Special Education:														
Middle School	108		108				9		9		9			
High School	175		175				16		16		16			
Subtotal	283		283				25		25		25			
Totals	1,870	-0-	1,870	-0-	-0-	-0-	1,612	-0-	1,612	-0-	1,612	-0-	-0-	-0-
Percentage Error					0.00%	0.00%							0.00%	0.00%

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	Private Schools for Disabled				Resident Low Income					
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Grade Seven					54	54		4	4	4
Grade Eight					44	45	(1)	4	4	4
Grade Nine					52	53	(1)	4	4	4
Grade Ten					46	49	(3)	4	4	4
Grade Eleven					50	50		4	4	4
Grade Twelve					38	39	(1)	1	1	1
Subtotal					284	290	(6)	21	21	21
Special Education:										
Middle School	4	1	1		37	35	2	2	2	2
High School	14	3	3		55	51	4	2	2	2
Subtotal	18	4	4		92	86	6	4	4	4
Totals	18	4	4	-0-	376	376	-0-	25	25	-0-
Percentage Error				0.00%			0.00%			0.00%

WARREN HILLS REGIONAL SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2016

	Resident LEP Low Income				Resident LEP Not Low Income				
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Grade Seven	3	3	1	1	2	2			
Grade Eight	2	2		1	1	1	2	2	
Grade Nine	6	4	(2)	1	2	2			
Grade Ten	5	6	1	1	2	2	1	1	
Grade Eleven	4	5	1	1					
Grade Twelve	1	1	1	1					
Subtotal	21	21	5	5	7	7	3	3	
Special Education:									
Middle School	1	1							
High School									
Subtotal	1	1							
Totals	22	22	5	5	7	7	3	3	-0-
Percentage Error			0.00%	0.00%			0.00%	0.00%	0.00%

WARREN HILLS SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	Transportation					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	850	850		17	17	
Regular - Special Education	129	129		3	3	
Transported - Non Public	19	19		1	1	
AIL - Non Public	24	24		1	1	
Special Needs - Public	32	32		2	2	
Special Needs - Private	17	17		1	1	
Totals	<u>1,071</u>	<u>1,071</u>	<u>-0-</u>	<u>25</u>	<u>25</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	7.4	7.4
Average Mileage - Regular Excluding Grade PK Students	7.4	7.4
Average Mileage - Special Education with Special Needs	12.6	12.6

WARREN HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2017

EXCESS SURPLUS CALCULATION AT 6/30/2017

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2016/2017 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 40,537,565</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -0-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 3,769,887</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 1,320,446</u> (B2b)
Adjusted 2016-2017 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 35,447,232</u> (B3)
2% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .02]	<u>\$ 708,945</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 708,945</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 44,480</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 753,425</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 9,997,767</u> (C)
Decreased by:	
Year End for Encumbrances	<u>\$ 3,070,823</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,741,630</u> (C3)
Other Restricted Fund Balances	<u>\$ 3,309,905</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 237,165</u> (C5)
Additional Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 1,638,244</u> (U1)

WARREN HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 884,819 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,741,630 (C3)

Restricted Excess Surplus [(E)] \$ 884,819 (E)

Total [(C3)+(E)] \$ 2,626,449 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 38,197 (J1)

Additional Nonpublic School Transportation Aid \$ 6,283 (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 44,480 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 2,841,361

Emergency reserve \$ 149,431

Maintenance reserve \$ 319,113

Tuition reserve \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - current year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - prior year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ -0-

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-

Other state/governmental mandated reserve \$ -0-

Other Restricted Fund Balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 3,309,905 (C4)

WARREN HILLS REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures

None
2. Financial Planning, Accounting and Reporting
 - a. The District obtain County Superintendent's approval for any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g) and for any transfers to Capital Outlay other than equipment as per N.J.A.C. 6A:23A-13.3(h) and obtain Commissioner approval for withdrawals from the Emergency Reserve.
 - b. The District obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students set forth in N.J.A.C. 6A:23A-5.3(e).
3. School Purchasing Program

None
4. School Food Service

None
5. Student Body Activities

None
6. Application for State School Aid

None
7. Pupil Transportation

None
8. Facilities and Capital Assets

None
9. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding low income students reported on the A.S.S.A. has been resolved during the current fiscal year. The prior year recommendation regarding County Superintendent approval for all transfers to capital outlay other than equipment has not been resolved and is included in this report as a current year recommendation.