

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
Food Service Fund	5
Enterprise Funds	6
Student Activity Fund	6
Application for State School Aid	6
Pupil Transportation	7
Facilities and Capital Assets	7
Testing for Lead of all Drinking Water in Educational Facilities	7
Suggestions to Management	7
Schedule of Meal Count Activity – Not Applicable	8
Schedule of Net Cash Resources – Not Applicable	8
Schedule of Audited Enrollments	9-11
Calculation of Excess Surplus	12
Recommendations	13
Acknowledgment	14



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. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Education
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, 2018, and have issued our report thereon dated January 18, 2019.

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 Education, 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
January 18, 2019

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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
Daniel Hauser	Assistant Board Secretary	304,000

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.

The required certification (E-Cert1) of compliance with requirements of income tax on compensation of District Administration was filed with the NJ Department of Treasury by the due date

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

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, 2018**

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.

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 Board designee's monthly financial reports was included in the minutes.

Finding – The audit revealed that certain General Fund original budget appropriation accounts per the appropriation report were not in agreement with the adopted budget.

Recommendation – The General Fund original budget appropriations be in agreement with the adopted budget.

Bank Reconciliations

The Board designee 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.)/As Amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A 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, Title III and Title IV 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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports 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 QPA) 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 \$19,000.

The school business administrator is a QPA and the Board by resolution has established the bid threshold to be \$40,000.

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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

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 – The audit of vendors paid in excess of the bid threshold disclosed that one vendor authorized through an approved COOP and one vendor utilized based upon the bid process were not approved by Board resolution.

Recommendation – All applicable vendors paid in excess of the bid threshold be presented to the Board for approval.

Finding – The audit of expenditures indicated certain purchases were made in excess of the quote threshold however quotes were not obtained.

Recommendation – Quotes be obtained for all applicable purchases in excess of the quote threshold.

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 – The audit of revenues indicated a detail revenue report by source was not maintained for the 2017/18 fiscal year.

Recommendation – A detailed revenue report by source be maintained.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Enterprise Funds

The District maintained ten (10) enterprise funds, excluding the Food Service Enterprise Fund.

Finding – The Technical Services Fund has a deficit in net position at June 30, 2018 of \$31,576. No recommendation is warranted since the District funded this deficit with an appropriation in the 2018/19 budget.

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. User charges and fees charged to customers of the various enterprise funds are not presented to the Board of Trustees for approval.

Recommendation - The District implement policies and procedures pertaining to the financial operations of the enterprise funds and the Board of Trustees approve all user charges and fees.

Finding – The audit of the Regional Special Education Fund indicated that the detail billing reports June 30, 2018 balances were not in agreement with the respective general ledger balance.

Recommendation – The detail billing reports of the Regional Special Education Fund be reconciled to the general ledger on a monthly basis.

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 for the student program activities.

Recommendation – Receipt transmittals for student program activities be pre-numbered.

Finding – The audit of the student activity and athletic bank reconciliations indicated numerous old outstanding checks approved by the Board of Trustees to be cancelled were not removed from the bank reconciliations.

Recommendation – Old outstanding checks on the student activity and athletic bank reconciliations be cleared of record subsequent to approval by the Board of Trustees.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 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 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 has adequate written procedures for the recording of student enrollment data.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2017-2018 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 SDA revenue, transfer local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities constructions. No transactions noted in the 2017/18 school year.

Finding (CAFR Finding 2018-001) – Our audit of the District’s 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 capital assets additions be properly reflected in the District’s capital assets inventory.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Suggestions to Management

- Old outstanding checks and adjustments on the District’s general account be reviewed and cleared of record.
- Continued efforts be made to ensure all checks issued from the student activities bank accounts have two signatures.
- The District’s annual “Imprest Petty Cash Funds Authorization” resolution include all required information included in the respective Board policy.
- The name of the Assistant Business Administrator designated to prepare the monthly bank reconciliations be included in the annual resolution.

**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, 2018**

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

SCHEDULE OF AUDITED ENROLLMENTS

**NORTHERN VALLEY REGIONAL
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	2018-19 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool																
Half Day Kindergarten																
Full Day Kindergarten					-	-	-									
One					-	-	-									
Two					-	-	-									
Three					-	-	-									
Four					-	-	-									
Five					-	-	-									
Six					-	-	-									
Seven					-	-	-									
Eight					-	-	-									
Nine	443	-	443	-	-	-	250		250							
Ten	488	-	488	-	-	-	225		225							
Eleven	472	-	472	-	-	-	248		248							
Twelve	486	-	486	-	-	-	215		215							
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	1,889	-	1,889	-	-	-	938	-	938	-	-	-	-	-	-	-
Special Ed - Elementary	134	-	134	-	-	-	14		14							
Special Ed - Middle School	52	-	52	-	-	-	6		6							
Special Ed - High School	392	13	392	13	-	-	44		44				17.5	17.5	17.5	-
Subtotal	578	13	578	13	-	-	64	-	64	-	-	-	17.5	17.5	17.5	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	2,467	13	2,467	13	-	-	1,002	-	1,002	-	-	-	17.5	17.5	17.5	-
Percentage Error					0.00%	0.00%										0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**NORTHERN VALLEY REGIONAL
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	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 LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten			-			-			-			-
One			-			-			-			-
Two			-			-			-			-
Three			-			-			-			-
Four			-			-			-			-
Five			-			-			-			-
Six			-			-			-			-
Seven			-			-			-			-
Eight			-			-			-			-
Nine	2	2	-	2	2	-	-	-	-	-	-	-
Ten	3	3	-	3	3	-	-	-	-	-	-	-
Eleven	6	6	-	6	6	-	-	-	-	-	-	-
Twelve	4	4	-	4	4	-	-	-	-	-	-	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	15	15	-	15	15	-	-	-	-	-	-	-
Special Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle	1	1	-	1	1	-	-	-	-	-	-	-
Special Ed - High	5	5	-	5	5	-	-	-	-	-	-	-
Subtotal	6	6	-	6	6	-	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	21	21	-	21	21	-	-	-	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	323	323	-	40	40	-
Reg -SpEd, col. 4	21	21	-	3	3	-
Transported - Non-Public, col. 3	124	124	-	15	15	-
Special Ed Spec, col. 6	45	45	-	6	6	-
Totals	513	513	-	64	64	-
Percentage Error					0.00%	

NORTHERN VALLEY REGIONAL

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	<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	-	-	-	-	-	-
Ten	5	5	-	5	5	-
Eleven	2	2	-	2	2	-
Twelve	-	-	-	-	-	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>7</u>	<u>7</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	1	1	-	1	1	-
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>8</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>8</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

2017-18 Total General Fund Expenditures per the CAFR	\$ 62,497,425
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>7,773,059</u>
Adjusted 2017-18 General Fund Expenditures	<u>\$ 54,724,366</u>
2% of Adjusted 2017-18 General Fund Expenditures	
Allowable Adjustments	<u>\$ 1,094,487</u> <u>341,855</u>
Maximum Unassigned Fund Balance	<u>\$ 1,436,342</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2018	\$ 5,693,283
Decreased by:	
Restricted	
Capital Reserve	2,487,878
Capital Reserve - Designated in Subsequent Year's Budget	760,000
Excess Surplus - Designated for Subsequent Year's Expenditures	826,715
Committed	
Year End Encumbrances	94,060
Assigned	
Year End Encumbrances	<u>88,288</u>
Total Unassigned Fund Balance	<u>\$ 1,436,342</u>

SECTION 3

Reserved Fund Balance - Excess Surplus	<u>\$ -</u>
---	-------------

Detail of Allowable Adjustments

Extraordinary Aid	\$ 312,498
Nonpublic Transportation Aid	<u>29,357</u>
	<u>\$ 341,855</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that the General Fund original budget appropriations be in agreement with the adopted budget.

III. School Purchasing Program

It is recommended that:

1. All applicable vendors paid in excess of the bid threshold be presented to the Board for approval.
2. Quotes be obtained for all applicable purchases in excess of the quote threshold.

IV. School Food Services

It is recommended that a detailed revenue report by source be maintained.

V. Enterprise Funds

It is recommended that:

- *
 1. The District implement policies and procedures pertaining to the financial operation of the enterprise funds and the Board of Trustees approve all user charges and fees.
 2. The detail billing reports of the Regional Special Education Fund be reconciled to the general ledger on a monthly basis.

VI. Student Body Activities

It is recommended that:

1. Receipt transmittals for student program activities be pre-numbered.
2. Old outstanding checks on the student activity and athletic bank reconciliations be cleared of record subsequent to approval by the Board of Trustees.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

- * It is recommended that all current year capital assets 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 (*).

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

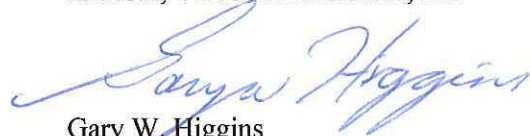
RECOMMENDATIONS (Continued)

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