

WARREN HILLS REGIONAL SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

WARREN HILLS REGIONAL SCHOOL DISTRICT
COUNTY OF WARREN
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

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October 14, 2022

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, 2022, and have issued our report thereon dated October 14, 2022.

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 October 14, 2022, 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.

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
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2022

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 ACFR.

Officials in Office and Surety Bonds

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

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

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.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent and business administrator) to the NJ Department of Treasury was filed in a timely manner.

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, we reviewed 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, no exceptions were noted.

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.

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 herein within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title IIA and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

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 ACFR.

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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

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

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

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, 2022. The reimbursement form was reviewed and no exceptions were noted.

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"

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"

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Purchasing Programs (Cont'd)

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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$20,200 for 2021-2022.

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 financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts and meal count records were reviewed on a test-check basis. The following exception was noted.

Finding 2022-001:

During our review of the District's meal count records, we noted one instance where meal count records did not agree with the number of meals claimed through the School Nutrition Electronic Application and Reimbursement System ("SNEARS"). The District underclaimed 623 meals (476 lunches and 147 breakfast) for reimbursement totaling \$2,417. The District submitted a revision through SNEARS, but it was denied by the State. As the District was aware of this error and attempted to correct this, a formal recommendation is not deemed necessary.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

The District utilizes a food service management company (FMSC) 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 FMSC Cost Reimbursable Fixed Price contract/addendum were reviewed and audited. The FMSC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$10,000. The operating results provision has been met. No exceptions were noted. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund. No exceptions were noted.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan.

Time sheets and labor costs provided to the District by the Food Service contractor were reviewed on a test basis without exception. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and milk (modify as needed) policy was reviewed for uniform administration throughout the school district. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the ACFR.

Finding #2022-002:

Net cash resources of the Food Service Fund exceeded three months average expenditures by \$157,121. 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. The District plans to continue to redistribute additional salaries and overhead expenses to the Food Service Fund in future years. Therefore, a formal recommendation is not 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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 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 without exception. 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.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2021-2022 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, 2022
(Continued)

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.

Testing for Lead of All Drinking Water in Educational Facilities

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

Management Suggestions

Athletics

It is suggested that older outstanding checks in the Food Service and Athletics accounts be reviewed for possible cancellation.

Fundraising

Fundraising or sales using personal methods of receiving payments (such as Venmo and checks) made out to a staff member are “prohibited” by the District. All sales of merchandise should be approved by the superintendent and have a purpose related to an activity. Student groups and teachers often want to raise money for a good cause but it is best to have an outside organization such as the PTO, Booster Club or Education Foundation sponsor and handle these events.

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Status of Prior Year's Findings/Recommendations

There were none.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM
ENTERPRISE FUND
FISCAL YEAR ENDED JUNE 30, 2022

SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND - FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM - FEDERAL

<u>Program</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
Severe School Lunch:						
Seamless Summer Option:						
September - December 2021	64,171	49,181	49,657	476	4.32	\$ 2,055
Seamless Summer Option:						
January - June 2022	93,774	43,170	43,170	-0-	4.56	-0-
Severe School Breakfast:						
Seamless Summer Option:						
September - December 2021	10,305	9,821	9,968	147	2.46	362
Seamless Summer Option:						
January - June 2022	22,288	9,723	9,723	-0-	2.61	-0-
Total Net Underclaim						<u>\$ 2,417</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

ENTERPRISE FUND - FOOD SERVICE - NET CASH RESOURCES SCHEDULE

Net Cash Resources:

CAFR	*	Current Assets		
B-4		Cash and Cash Equivalents	\$	410,348
B-4		Due from Other Governments		14,293
CAFR		Current Liabilities		
B-4		Less Accounts Payable		(5,016)
G-1		Less Unearned Revenue		(6,397)
				(6,397)
		Net Cash Resources	\$	413,228
				(A)

Net Adjusted Total Operating Expense:

G-2		Total Operating Expenses	\$	868,332
G-2		Less Depreciation		(14,644)
				(14,644)
		Adjusted Total Operating Expenses	\$	853,688
				(B)

Average Monthly Operating Expense:

	B / 10		\$	85,369
				85,369
				(C)

Three times monthly Average:

	3 X C		\$	256,107
				256,107
				(D)

TOTAL IN BOX A		\$	413,228	(A)
LESS TOTAL IN BOX D			256,107	(D)
NET		\$	157,121	
From above:				
A is greater than D, cash exceeds 3 X average monthly operating expenses.				
D is greater than A, cash does not exceed 3 X average monthly operating expenses.				

* Inventories are not to be included in total current assets.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample Selected from		Registers		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Grade Seven	203		203				203		203			
Grade Eight	235		235				235		235			
Grade Nine	273		273				273		273			
Grade Ten	220		220				220		220			
Grade Eleven	216	1	216	1			216		216			
Grade Twelve	236		236				236		236			
Subtotal	1,383	1	1,383	1			1,383		1,383			
Special Education:												
Middle School	77		77				8		8			
High School	177		177				17		17			
Subtotal	254		254				25		25			
Totals	1,637	1	1,637	1			1,408	-0-	1,408	-0-		-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 15, 2021

	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	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Grade Seven					23	23	1	1	
Grade Eight					37	37	4	4	
Grade Nine					55	55	5	5	
Grade Ten					39	39	2	2	
Grade Eleven					36	36	2	2	
Grade Twelve					43	43	3	3	
Subtotal					233	233	17	17	
Special Education:									
Middle School	2	1	1		21	21	2	2	
High School	13	3	3		59	59	6	6	
Subtotal	15	4	4		80	80	8	8	
Totals	15	4	4	-0-	313	313	25	25	-0-
Percentage Error				0.00%					0.00%

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	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 Errors	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 Errors	Verified to Test Scores and Register	Sample Errors
Grade Seven									
Grade Eight	1	1	1	1					
Grade Nine	2	1	1	1	4	4	1	1	
Grade Ten	3	3	1	1	4	4	1	1	
Grade Eleven					5	5	1	1	
Grade Twelve					4	4			
Subtotal	6	6	3	3	17	17	3	3	
Special Education:									
Middle School									
Subtotal									
Totals	6	6	3	3	17	17	3	3	-0-
Percentage Error			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 15, 2021

	<u>Transportation</u>					
	<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	716	716		15	15	
Regular - Special Education	114	114		5	5	
Transported - Non Public						
AIL - Non Public	31	31		2	2	
Special Needs - Public	33	33		2	2	
Special Needs - Private	11	11		1	1	
Totals	<u>905</u>	<u>905</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	7.9	7.9
Average Mileage - Regular Excluding Grade PK Students	7.9	7.9
Average Mileage - Special Education with Special Needs	12.0	12.0

WARREN HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

EXCESS SURPLUS CALCULATION AT 6/30/2022

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2021/2022 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$ 43,840,454</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>\$ 8,041,227</u> (B2a)	
Assets Acquired Under Leases and Financed Purchases	<u>\$ -0-</u> (B2b)	
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 35,799,227</u> (B3)	
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	<u>\$ 1,431,969</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 1,431,969</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 377,091</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u><u>\$ 1,809,060</u></u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 11,460,909</u> (C)	
Decreased by:		
Year End for Encumbrances	<u>\$ 940,091</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>\$ 1,010,000</u> (C3)	
Other Restricted Fund Balances	<u>\$ 6,201,758</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u><u>\$ 3,309,060</u></u> (U1)

WARREN HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

EXCESS SURPLUS CALCULATION AT 6/30/2022

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2021/2022 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$ 43,840,454</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>\$ 8,041,227</u> (B2a)	
Assets Acquired Under Leases and Financed Purchases	<u>\$ -0-</u> (B2b)	
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 35,799,227</u> (B3)	
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	<u>\$ 1,431,969</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 1,431,969</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 377,091</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u><u>\$ 1,809,060</u></u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 11,460,909</u> (C)	
Decreased by:		
Year End for Encumbrances	<u>\$ 940,091</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>\$ 1,010,000</u> (C3)	
Other Restricted Fund Balances	<u>\$ 6,201,758</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u><u>\$ 3,309,060</u></u> (U1)

WARREN HILLS REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 1,500,000 (E)

Recapitulation of Excess Surplus as of June 30, 2022

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,010,000 (C3)

Restricted Excess Surplus [(E)] \$ 1,500,000 (E)

Total [(C3)+(E)] \$ 2,510,000 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 368,101 (J1)

Additional Nonpublic School Transportation Aid \$ 8,990 (J2)

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

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

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 377,091 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 4,903,467

Emergency reserve \$ 299,431

Maintenance reserve \$ 500,000

Tuition reserve \$ -0-

Unemployment Compensation \$ 498,860

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 \$ 6,201,758 (C4)

WARREN HILLS REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
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. Travel Expense and Reimbursement Policy
None
10. Testing of Lead of all Drinking Water in Educational Facilities
None
11. Status of Prior Year's Findings/Recommendations
There were none.