

**MAINLAND REGIONAL  
BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



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

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Honorable President and  
Members of the Board of Education  
Mainland Regional High School District  
County of Atlantic, New Jersey

## REPORT OF INDEPENDENT AUDITORS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Mainland Regional High School District in the County of Atlantic for the year ended June 30, 2020, and have issued our report thereon dated January 29, 2021.

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 report is intended for the information of the Mainland Regional High School Board of Education's management and the New Jersey Department of Education (cognizant agency), other state and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these parties.

*Ford, Scott & Associates, L.L.C.*

FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Michael S. Garcia*

Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080

January 29, 2021

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND  
PERFORMANCE REPORTING**

**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, and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-13, Insurance Schedule contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kim Robinson	Board Secretary/School Business Administrator	\$100,000.00
Crime Insurance		\$500,000.00

Tuition Charges

The District did not have any tuition students during the 2017-2018 school year where an adjustment would have been required for the 2019-2020 school year. Therefore, no comparison was made of tentative tuition charges and actual certified charges.

**Financial Planning, Accounting and Reporting**

Examination of Claims

An examination of claims paid during the period under review did not indicate any material 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 were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

### Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

### 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 errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary disclosed the following items.

#### **Finding 2020-001:**

Bank reconciliations for the cafeteria account were not provided for audit in a timely manner. Also, all activity occurring in the account was not recorded in the general ledger.

#### **Recommendation:**

That all bank reconciliations be made available for audit in a timely manner. In addition, the balance reported in the general ledger should be in agreement with the reconciled balance.

#### **Finding 2020-002:**

The Interest on Bonds appropriation line item in Fund 40 was over-expended during the fiscal year by \$19,249.44, despite the board secretary's monthly certification to the contrary. This also resulted in a deficit fund balance in the amount of \$17,123.47.

#### **Recommendation:**

The District receives an annual reimbursement related to Build America bonds. The School Business Administrator, when preparing the District's budget, bases the reimbursement on prior amounts received however the reimbursement decreases each year. We recommend the anticipated reimbursement be decreased to ensure a sufficient amount is budgeted to cover the interest due during the fiscal year.

### Chief School Administrator's Records

There were no items noted during our review of the records maintained by the Chief School Administrator.

### Elementary and Secondary School Improvement Act of 1988 (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 Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II, Title IV, V and Title VI of the Elementary and Secondary Education Act as Amended.

### 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 2020-003:**

The 2018-2019 final reimbursement request for both the ESSA Title IIA and IDEA Part B, Basic was based on the net amount of the award over the amount of prior funds received. As a result, the District received excess funds as follows:

<u>Program</u>	<u>Program Period</u>	<u>Award Amount</u>	<u>Total Expended</u>	<u>Total Reimbursed</u>	<u>Excess Received</u>
ESSA, Title IIA	7/1/18-6/30/19	\$37,708	11,003.77	30,408	19,404.23
IDEA Part B Basic	7/1/18-6/30/19	266,810	211,061.11	266,810	55,748.89
					<u>75,153.12</u>

**Recommendation:**

That the excess funds received by the District be remitted to the respective State agency as soon as possible and that all future claims for reimbursement be based on total expenditures only.

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 reimbursement to the State for the amount of the expenditure charged to the current year's Final Report 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly recorded as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (Without a Qualified Purchasing Agent), respectively. The Board of Education has a qualified purchasing agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000.

The Board of Education has the responsibility of determining whether the expenditures of any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or 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.

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

### **School Food Services**

In accordance with the Governor's Declaration of Emergency pertaining to the COVID-19 virus all public, charter, and non-public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and NJSA 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and 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 appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services 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. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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 meals and free milk policy was reviewed for uniform administration throughout the school system. 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.

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

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

**Finding 2020-004:**

The Food Service Fund (Proprietary Fund) has a deficit Net Position at year end.

**Recommendation:**

That the Board of Education budget sufficient funds in the subsequent years budget to fund the deficit in Net Position in the Food Service Fund.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Fund Financial Statements, Section B of the CAFR.

**Student Body Activities and Athletic Association**

Our audit of the student activities and athletic funds noted no exceptions.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 the following exceptions. The information that was included on the workpapers was verified. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district has adequate written procedures for the recording of student enrollment data.

**Finding 2020-005:**

When testing Resident Low Income students and lunch applications claimed on the October 15, 2019 ASSA, differences were noted between grade levels. Also, a difference was noted when testing Resident LEP Low Income students.

**Recommendation:**

That a reconciliation of all workpapers to the ASSA be done prior to final submission.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. 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.

**Finding 2020-006:**

When testing students reported on the October DRTRS to the district's on-roll records, a total of 8 students were claimed but did not appear on the enrollment registers.

**Recommendation:**

That a reconciliation of the DRTRS student listing to the district's enrollment register be done prior to final submission.

**Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to all the 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.

**Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was not taken on all the prior year findings and are repeated for the Board Secretary's Records and Food Service Fund in this year's recommendations noted as current year finding 2020-001 and 2020-004, respectively:

Bank reconciliations for the cafeteria account were not timely prepared and contained a significant number of reconciling items.

The Food Service Fund (Proprietary Fund) has deficit Net Position at year end.

**Acknowledgment**

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

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal  
ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (High Rate)	Paid	14,542	14,542	14,542	0	0.34	0.00
National School Lunch (High Rate)	Reduced	4,122	4,122	4,122	0	3.03	0.00
National School Lunch (High Rate)	Free	47,382	47,382	47,382	0	3.43	0.00
	<b>TOTAL</b>	<b>66,046</b>	<b>66,046</b>	<b>66,046</b>			<b>0.00</b>
National School Lunch	HHFKA - PB Lunch Only	66,046	66,046	66,046	0	0.07	0.00
School Breakfast (Regular Rate)	Paid	22	22	22	0	0.31	0.00
	Reduced	117	117	117	0	1.54	0.00
	Free	3,645	3,645	3,645	0	1.84	0.00
	<b>TOTAL</b>	<b>3,784</b>	<b>3,784</b>	<b>3,784</b>			<b>0.00</b>
School Breakfast (Severe Rate)	Paid	273	273	273	0	0.31	0.00
	Reduced	969	969	969	0	1.90	0.00
	Free	37,780	37,780	37,780	0	2.20	0.00
	<b>TOTAL</b>	<b>39,022</b>	<b>39,022</b>	<b>39,022</b>			<b>0.00</b>
Special Milk	Paid	0	0	0	0	0.215	0.00
	Free	0	0	0	0	AVERAGE	0.00
		0	0	0			0.00
After School Snacks	Paid	0	0	0	0	0.08	0.00
	Reduced	0	0	0	0	0.47	0.00
	Free (Area Eligible)	-	-	-	0	0.94	0.00
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0.00</b>
CACFP (d) - Food	Free	0	0	0	0	3.66	0.00
CACFP (d) - Cash-in-lieu of USDA Foods	Free	0	0	0	0	0.2375	0.00
<b>Total Net Overclaim</b>							<b>0.00</b>

**School Food Service**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**

**FOOD SERVICE FUND**

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE**

**ENTERPRISE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	14,542	14,542	14,542	0	0.050	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	4,122	4,122	4,122	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	47,382	47,382	47,382	0	0.055	0.00
	<b>TOTAL</b>	<u>66,046</u>	<u>66,046</u>	<u>66,046</u>			

**Total Net Overclaim**

0.00

# NET CASH RESOURCE SCHEDULE

## Net cash resources did not exceed three months of expenditures Proprietary Funds - Food Service FYE 2020

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 317,072.16
B-4		Due from Other Gov'ts	41,090.70
B-4		Interfund Receivable	-
		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(90,708.43)
B-4		Less Due to Other Funds	(658,194.33)
B-1		Less Deferred Revenue	-
		<b>Net Cash Resources</b>	<b><u>\$ (390,739.90)</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5		Tot. Operating Exp.	\$ 459,299.55
B-5		Less Depreciation	<u>(3,350.79)</u>
		Adj. Tot. Oper. Exp.	<b><u>455,948.76</u></b> (B)

**Average Monthly Operating Expense:**

	B / 10		<b><u>45,594.88</u></b> (C)
--	--------	--	-----------------------------

**Three times monthly Average:**

	3 X C		<b><u>\$ 136,784.63</u></b> (D)
--	-------	--	---------------------------------

TOTAL IN BOX A	<u>(390,739.90)</u>
LESS TOTAL IN BOX D	<u>136,784.63</u>
NET	<b><u>(527,524.53)</u></b>

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.

SOURCE - USDA resource management comprehensive review form

**MAINLAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2019**

	2019-2020 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		Reported on Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	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	251		251		-		51		51		-								
Ten	260		260		-		53		53		-								
Eleven	256		256		-		52		52		-								
Twelve	237		237		-		50		50		-								
Post-Graduate																			
Adult H.S. (15+CR.)																			
Adult H.S. (1-14+CR.)																			
Subtotal	1,004	-	1,004	-	-	-	206	-	206	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary																			
Special Ed - Middle School	235		235		-	-	48		48		-	-	-	-	-	-	-	-	-
Special Ed - High School	235		235		-	-	48		48		-	-	-	-	-	-	-	-	-
Subtotal	1,239	-	1,239	-	-	-	254	-	254	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular																			
Co. Voc. - FT Post Sec.																			
Totals	1,239	-	1,239	-	-	-	254	-	254	-	-	-	-	-	-	-	-	-	-
Percentage Error																			



**MAINLAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019**

	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	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Sample Selected from Workpapers	Verified to Test Score, Register, & Application
Half Day Preschool								
Full Day Preschool								
Half Day Kindergarten								
Full Day Kindergarten								
One								
Two								
Three								
Four								
Five								
Six								
Seven								
Eight								
Nine		56	30	30	6	6	5	5
Ten		62	32	32	4	4	3	3
Eleven		52	27	27	-	-	-	-
Twelve		52	27	27	4	3	3	3
Post-Graduate								
Adult H.S. (15+CR.)								
Adult H.S. (1-14+CR.)								
Subtotal	222	222	116	116	14	13	11	11
Special Ed - Elementary								
Special Ed - Middle School		89	46	46	1	1	1	1
Special Ed - High School		89	46	46	1	1	1	1
Subtotal	89	89	46	46	1	1	1	1
Co. Voc. - Regular								
Co. Voc. - FT Post Sec.								
Train Sch/Secure Care								
Totals	311	311	162	162	15	14	12	12
Percentage Error								-6.67%

**Transportation**

	Reported on DRTS by DOE/County		Reported on DRTS by District		Errors	
	Reported	Verified	Reported	Verified	Reported	Verified
Reg. - Public Schools, col. 1	438.00	438.00	438.00	143.00	(3.00)	(3.00)
Reg - Sp Ed, col. 4	65.00	65.00	21.00	18.00	(3.00)	(3.00)
Transported - Non-Public, col. 3	28.00	28.00	9.00	9.00	-	-
AIL Non-Public Schools	15.00	15.00	5.00	5.00	-	-
Special Ed Spec, col. 6	52.00	52.00	16.00	14.00	(2.00)	(2.00)
Totals	598.00	598.00	197.00	189.00	(6.00)	(6.00)
Percentage Error						-4.06%

Reg Avg. (Mileage) = Regular Including Grade PK Students (Part A) 4.1  
 Reg Avg. (Mileage) = Regular Excluding Grade PK Students (Part B) 4.1  
 Spec Avg. = Special Ed with Special Needs 6.0

Reported 4.1  
 Recalculated 4.1  
 Reported 6.0  
 Recalculated 6.0

**MAINLAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2019**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	Reported on A.S.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	2	2	-	2	2	-
Half Day Kindergarten	1	1	-	1	1	-
Full Day Kindergarten	-	-	-	-	-	-
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14+CR.)						
Subtotal	3	3	-	3	3	-
Special Ed - Elementary						
Special Ed - Middle School						
Special Ed - High School						
Subtotal	-	-	-	-	-	-
Co. Voc. - Regular						
Co. Voc. - FT Post Sec.						
Totals	3	3	-	3	3	-
Percentage Error						

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2019-2020 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 30,833,838.58	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1b)
Transfer from General Fund to SRF for Pre-K Regular	-	(B1c)
Transfer from General Fund to SRF for Pre-K Inclusion	-	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	(4,109,241.00)	(B2a)
Assets Acquired Under Capital Leases	<u>(431,755.00)</u>	(B2b)
Adjusted 2019-2020 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>26,292,842.58</u>	(B3)
2% of Adjusted 2019-2020 General Fund Expenditures [(B3) times .02]	<u>525,856.85</u>	(B4)
Enter greater of (B4) or \$250,000	<u>525,856.85</u>	(B5)
Increased by: Allowable Adjustment *	<u>30,622.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	<u>556,478.85</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-2020 (Per CAFR Budgetary Comparison Schedule C-1)	6,453,546.67	C
Decreased by:		
Year-end Encumbrances	(25,746.06)	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	(2,468,487.39)	(C3)
Other Restricted Fund Balances ****	-	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	<u>-</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>3,959,313.22</u>	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\* [(U2)-(M)] IF NEGATIVE ENTER -0- 3,402,834.37 (E)

**Recapitulation of Excess Surplus as of June 30, 2020**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* 2,468,487.39 (C3)  
 Reserved Excess Surplus \*\*\*[(E)] 3,402,834.37 (E)  
 Total [(C3) + (E) + (F)] 5,871,321.76 (D)

\* This adjustment line (as detailed below) is to be utilized for Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, chapter 10), Extraordinary Aid, and Additional and Nonpublic School Transportation Aid; and recognized current year School Bus Advertising Revenue. (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

**Detail of Allowable Adjustments**

Impact Aid	-	(H)
Sale & Lease-back	-	(I)
Extraordinary Aid	29,689.00	(J1)
Additional Nonpublic School Transportation Aid	933.00	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u>30,622.00</u>	(K)

\*\* This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2020 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

\*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	<u>-</u>
Sale/lease-back reserve	<u>-</u>
Capital reserve	<u>-</u>
Maintenance reserve	<u>-</u>
Emergency reserve	<u>-</u>
Tuition reserve	<u>-</u>
Other state/government mandated reserves	<u>-</u>
Other Restricted Fund Balance not noted above****	<u>-</u>
Total Other Reserved Fund Balance	<u>-</u>

**AUDIT RECOMMENDATIONS SUMMARY**  
**For the Fiscal Year Ended June 30, 2020**  
**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2020-001: That all bank reconciliations be made available for audit in a timely manner. In addition, the balance reported in the general ledger should be in agreement with the reconciled balance.

2020-002: We recommend that the anticipated reimbursement from the US Treasury be decreased to ensure a sufficient amount is budgeted to cover the interest due during the fiscal year.

2020-003: That the excess funds received by the District be remitted to the respective State agency as soon as possible and that all future claims for reimbursement be based on total expenditures only.

3. School Purchasing Programs

None

4. School Food Service

2020-004: That the Board of Education budget sufficient funds in the subsequent years budget to fund the deficit in Net Position in the Food Service Fund.

5. Student Body Activities

None

6. Application for State School Aid

2020-005: That a reconciliation of all workpapers to the ASSA be done prior to final submission.

7. Pupil Transportation

2020-006: That a reconciliation of the DRTRS student listing to the district's enrollment register be done prior to final submission.

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

Corrective action has been taken on the prior year findings with the exception of Finding #001, related to bank reconciliations, and Finding #004, related to the School Food Service finding, noted above which have been repeated in the current year findings.