

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
MANCHESTER REGIONAL
HIGH SCHOOL DISTRICT
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2022**

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE
MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
COUNTY OF PASSAIC, NEW JERSEY

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, 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 Board of Education of the Manchester Regional High School District in the County of Passaic for the year ended June 30, 2022, and have issued our report thereon dated January 5, 2023.

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 Manchester Regional High School Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
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January 5, 2023



**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

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

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lameka Augustin	Board Secretary/School Business Administrator	\$100,000.00
Annette Hartman	Treasurer of School Monies	\$220,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$500,000.00.

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 school.

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

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signature, certification or supporting documentation.

Financial Planning, Accounting and Reporting, (continued)

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/School Business Administrator.

Finding 2022-01: One employee included in our testing of payroll was not paid in accordance with the approved employment contract.

Recommendation: That all employees be paid in accordance with approved employment contracts.

Finding 2022-02: In several instances eligible employees were not enrolled in the Defined Contribution Retirement Plan sponsored by the State.

Recommendation: That all eligible employees be enrolled in the State's Defined Contribution Retirement Plan.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

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 reserves 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.

Financial Planning, Accounting and Reporting, (continued)

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 classification to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Board Secretary's records were examined and found to be in good condition.

Finding 2022-03: In several instances cash receipts were not posted to the correct revenue line account.

Recommendation: That all cash receipts be posted to the correct revenue line account.

Fixed Assets

The General Fixed Asset records were updated for the additions and disposal of general fixed assets made during the year.

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 contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to Title I, II, III and IV of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questionable costs.

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.

Financial Planning, Accounting and Reporting, (continued)

Other Special Federal and/or State Projects, (continued)

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.

The study of compliance for the special projects indicated that there were no areas of noncompliance.

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from federal funds was made prior to the end of 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.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

School Purchasing Programs, (continued)

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

Contracts and Agreements Requiring Advertisement for Bids, (continued)

Effective July 1, 2020 and thereafter, 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 currently \$20,200.

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 Solicitor's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," 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 contract or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, all Public, Charter, 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 alternative procedures to provide meals to all eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Service Activities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) Option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

School Food Service, (continued)

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 N.J.S.A. 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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 Services Fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modifications of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

The number of meals claimed for reimbursement was verified against 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. Meals claimed did agree with meal count records.

The District is a Community Eligibility School and utilized the State of New Jersey, Household Information Survey to determine a student's low-income status for ASSA reporting.

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. No exceptions were noted.

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 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 exceed three month's average expenditures. No comment or recommendation is being made as this was due to the COVID emergency.

School Food Service, (continued)

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

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The School District maintains the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-Program Food Revenue Tool at least annually.

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

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

Community Services Program

Finding 2022:04: The Community Services Program Proprietary Fund ended the year with a deficit in net position.

No recommendation is being made as the deficit will be funded in the 2023-2024 budget.

Student Activity Fund

During our review of the student activity funds, the following items were noted.

Cash receipt and disbursement records were maintained in good order.

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, and low-income. 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 exceptions. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2022:05: The private school for the handicapped enrollment count was over-reported by two (2) students.

Recommendation: That the correct number of private school for the handicapped enrollment count be reported on th ASSA..

The District maintained workpapers on the prescribed state forms or their equivalent.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 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. 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.

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).

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings, except for those items marked with an “*”.

Acknowledgment

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

Respectfully submitted,

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

SCHEDULE OF MEAL COUNT ACTIVITY

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
<u>CEP District</u>							
National School Lunch Program							
Seamless Summer							
Option - Lunch	Free	46,626	46,626	46,626	0	4.3175	0.00
	Free	<u>60,950</u>	<u>60,950</u>	<u>60,950</u>	<u>0</u>	4.5625	<u>0.00</u>
	Total	<u>107,576</u>	<u>107,576</u>	<u>107,576</u>	<u>0</u>		<u>0.00</u>
School Breakfast Program							
Seamless Summer							
Option - Breakfast	Free	16,206	16,206	16,206	0	2.4625	0.00
	Free	<u>21,983</u>	<u>21,983</u>	<u>21,983</u>	<u>0</u>	2.6050	<u>0.00</u>
	Total	<u>38,189</u>	<u>38,189</u>	<u>38,189</u>	<u>0</u>		<u>0.00</u>
Summer Food Service							
Program - Lunch	Free	<u>791</u>	<u>791</u>	<u>791</u>	<u>0</u>	4.3175	<u>0.00</u>
TOTAL NET UNDERCLAIM / (OVERCLAIM)							<u><u>0.00</u></u>

SCHEDULE OF MEAL COUNT ACTIVITY

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
<u>CEP District</u>							
State School Lunch Program							
Seamless Summer							
Option - Lunch	Free	<u>107,576</u>	<u>107,576</u>	<u>107,576</u>	<u>0</u>	0.105	<u>0.00</u>
	Total	<u>107,576</u>	<u>107,576</u>	<u>107,576</u>	<u>0</u>		<u>0.00</u>
TOTAL NET UNDERCLAIM / (OVERCLAIM)							<u><u>0.00</u></u>

NET CASH RESOURCE SCHEDULE

MANCHESTER REGIONAL HIGH SCHOOL

Net cash resources did not exceed three months of expenditures

Proprietary Funds - Food Service

FYE 2022

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 212,445.69
B-4		Due from Other Gov'ts	59,310.13
B-4		Accounts Receivable	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(6,815.72)
B-4		Less Accruals	
B-4		Less Due to Other Funds	(42,435.69)
B-4		Less Deferred Revenue	<u>(19,321)</u>
		Net Cash Resources	<u>\$ 203,183.41</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	484,579.03	
B-5	Less Depreciation	<u>(29,288.04)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 455,290.99</u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 45,529.10** (C)

Three times monthly Average:

3 X C **\$ 136,587.30** (D)

TOTAL IN BOX A	\$	<u>203,183.41</u>	
LESS TOTAL IN BOX D	\$	<u>(136,587.30)</u>	
NET	\$	<u>66,596.11</u>	
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

SCHEDULE OF AUDITED ENROLLMENTS

MANCHESTER REGIONAL HIGH SCHOOL
Application for State School Aid Summary
Enrollment as of October 15, 2021

<u>Enrollment Category</u>	<u>2022 - 2023 Application for State School Aid</u>			<u>Sample for Verification</u>			<u>Private School for Handicapped</u>			
	<u>Reported on</u> <u>ASSA on Roll</u>	<u>Reported on</u> <u>Workpapers</u> <u>on Roll</u>	<u>Errors</u>	<u>Sample Selected</u> <u>from</u> <u>Workpapers</u>	<u>Verified per</u> <u>Registers on Roll</u>	<u>Errors</u>	<u>Reported on</u> <u>ASSA as</u> <u>Private School</u>	<u>Sample for</u> <u>Verification</u>	<u>Sample</u> <u>Verified</u>	<u>Errors</u>
Nine	137	137	0	137	137	0				
Ten	181	181	0	181	181	0				
Eleven	153	153	0	153	153	0				
Twelve	164	164	0	164	164	0				
Subtotal	635	635	0	635	635	0				
Special Ed - High School	113	113	0	35	35	0	15	15	13	2
Subtotal	113	113	0	35	35	0	15	15	13	2
Totals	748	748	0	670	670	0	15	15	13	2
Percentage Error			0.00%			0.00%				13.33%

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

**MANCHESTER REGIONAL HIGH SCHOOL
Application for State School Aid Summary
Enrollment as of October 15, 2021**

Enrollment Category	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Errors	Reported on ASSA as Low Income	Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Errors
Nine	95	95	0	36	36	0						
Ten	138	138	0	52	52	0	8	8	0	7	7	0
Eleven	110	110	0	42	42	0	7	7	0	6	6	0
Twelve	101	101	0	38	38	0	3	3	0	3	3	0
Subtotal	444	444	0	168	168	0	18	18	0	16	16	0
Special Ed - High School	75	75	0	28	28	0	3	3	0	3	3	0
Subtotal	75	75	0	28	28	0	3	3	0	3	3	0
Trn Sch/Sec Care			0			0	0	0	0	0	0	0
Juvenile Comm Ctr			0			0	0	0	0	0	0	0
Juvenile Det Ctr	2	2	0	2	2	0	0	0	0	0	0	0
Subtotal	2	2	0	2	2	0	0	0	0	0	0	0
Totals	521	521	0	198	198	0	21	21	0	19	19	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

Transportation

Enrollment Category	Reported on DRTRS by DOE			Reported on DRTRS by District			Transportation			Re- Calculated
	Reported on DRTRS by DOE	Errors	Tested	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Regular - Public Schools, col. 1	164	0	79	164	0	79	79	0		
Regular Special Ed, col. 4	3	0	2	3	0	2	2	0		
Transported - Non-Public, col. 2	0	0	0	0	0	0	0	0		
Nonpublic ALL, col. 3	120	0	58	120	0	58	58	0		
Special Ed. Special, col. 6	30	0	14	30	0	14	14	0		
Totals	317	0	153	317	0	153	153	0	0.00%	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>	

Avg. Mileage - Regular Excluding Grade PK Students 5.3
Avg. Mileage - Special Ed with Special Needs 4.8

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

MANCHESTER REGIONAL HIGH SCHOOL
Application for State School Aid Summary
Enrollment as of October 15, 2021

<u>Enrollment Category</u>	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on</u> <u>ASSA as LEP</u> <u>Not Low Income</u>	<u>Reported on</u> <u>Workpapers LEP</u> <u>not Low Income</u>	<u>Errors</u>	<u>Sample Selected</u> <u>from</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Errors</u>
Nine	2	2	0	2	2	0
Ten	10	10	0	10	10	0
Eleven	9	9	0	9	9	0
Twelve	12	12	0	12	12	0
	<u>Subtotal</u>	<u>33</u>	<u>0</u>	<u>33</u>	<u>33</u>	<u>0</u>
Special Ed - High School	1	1	0	1	1	0
	<u>Subtotal</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u>34</u>	<u>34</u>	<u>0</u>	<u>34</u>	<u>34</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

MANCHESTER REGIONAL HIGH SCHOOL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>26,392,249.92</u>	(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 PreK - Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK - Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>3,522,827.88</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 21-22 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>22,869,422.04</u>	(B3)
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	\$ <u>914,776.88</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>914,776.88</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>387,257.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u>1,302,033.88</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-22 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>4,670,727.24</u>	(C)
Decreased by:		
Year End Encumbrances	\$ <u>191,300.52</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>215,763.68</u>	(C3)
Other Restricted Fund Balances****	\$ <u>2,311,607.84</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>650,021.32</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C-6)]		\$ <u>1,302,033.88</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ _____ (E)

Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>215,763.68</u> (C3)
Reserved Excess Surplus***[(E)]	\$ _____ (E)
Total [(C3)+(E)]	\$ <u>215,763.68</u> (D)

Footnotes:

- * Allowable Adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c. 46 amended N.J.S.A. 18A:7-F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line _____.
 - (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid;
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid
 - (J3) Current Year School Bus Advertising Revenue Recognized
 - (J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>352,457.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>34,800.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>387,257.00</u> (K)

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2022 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount of Other Reserved Fund Balance 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

Sale/lease-back reserve

Capital reserve

Maintenance reserve

Emergency reserve

Tuition reserve

School Bus Advertising 50% Fuel Offset Reserve - current year

School Bus Advertising 50% Fuel Offset Reserve - prior year

Impact Aid General Fund Reserve (Sections 8002 and 8003)

Impact Aid General Fund Reserve (Sections 8007 and 8008)

Other state/government mandated reserve

Reserve for Unemployment Fund

[Other Restricted Fund Balance not noted above]****

\$	_____
\$	_____
\$	1,664,414.00
\$	100,000.00
\$	170,270.35
\$	58,000.00
\$	_____
\$	_____
\$	_____
\$	_____
\$	_____
\$	318,923.49
\$	_____

Total Other Restricted Fund Balance

\$ 2,311,607.84 (C4)

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

AUDIT RECOMMENDATIONS SUMMARY

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2022-01: One employee included in our testing of payroll was not paid in accordance with the approved employment contract.

Recommendation: That all employees be paid in accordance with approved employment contracts.

Finding 2022-02: In several instances eligible employees were not enrolled in the Defined Contribution Retirement Plan sponsored by the State.

Recommendation: That all eligible employees be enrolled in the State's Defined Contribution Retirement Plan.

Finding 2022-03: In several instances cash receipts were not posted to the correct revenue line account.

Recommendation: That all cash receipts be posted to the correct revenue line account.

3. School Purchasing Programs

None

4. School Food Service

None

5. Community Services Program

Finding 2022:04: The Community Services Program Proprietary Fund ended the year with a deficit in net position.

No recommendation is being made as the deficit was raised in the 2023-2024 budget.

6. Student Activity Fund

None

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**AUDIT RECOMMENDATIONS SUMMARY
(CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

7. Application for State School Aid

Finding 2022:05: The private school for the handicapped enrollment count was over-reported by two (2) students.

Recommendation: That the correct number of private school for the handicapped enrollment count be reported on th ASSA..

8. Pupil Transportation

None

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.