

**SHORE REGIONAL HIGH  
SCHOOL DISTRICT  
AUDITOR'S MANAGEMENT REPORT  
FISCAL YEAR ENDED JUNE 30, 2023**

## SHORE REGIONAL HIGH SCHOOL DISTRICT

### AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS FINANCIAL, COMPLIANCE AND PERFORMANCE

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November 30, 2023

**REPORT OF INDEPENDENT AUDITORS**

Honorable President and  
Members of the Board of Education  
Shore Regional School District  
County of Monmouth

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Shore Regional High School District in the County of Monmouth for the year ended June 30, 2023, and have issued our report thereon dated November 30, 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 Shore Regional High School District management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Nicholas A. Cannone  
Licensed Public School Accountant  
No. CS-02103  
Cannone & Company, CPAs

## **ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

### **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**

Insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the Statistical Section of the District's ACFR.

Adequacy of insurance coverage is the responsibility of the Board of Education.

#### **Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Corey Lowell	Board Secretary/Business Administrator	\$205,000
Loretta Hill	Treasurer	\$205,000

There is an Employee Dishonesty Bond with New Jersey School Boards Association Insurance Group for \$250,000 each employee.

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 district.

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

#### **Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3.

## **Financial Planning, Accounting and Reporting**

### Examination of Claims

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

### Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls 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, including health benefits withholding due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payment.

### Reserve for Encumbrances and Accounts Payable

All encumbrances and accounts payable at June 30, 2023 were properly recorded and classified.

### 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

The Board Secretary's Records were found to be in order.

### Treasurer's Records (optional position)

The Treasurer's Records were found to be in order.

### Elementary and Secondary Education Act 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 ACFR. This section of the ACFR documents the financial position pertaining to the

projects under Titles I and VI of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. did not indicate any 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.

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 did not indicate any areas of noncompliance.

#### T.P.A.F. Reimbursement

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

#### **School Purchasing Programs**

##### Contracts and Agreements Requiring Advertisement for Bids

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 2021-22.

Also, effective July 1, 2020, the maximum threshold for quotations for a board of education without a QPA is \$4,800; and for a board with a QPA the maximum threshold for quotations is \$6,600.

The district board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise 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.

Based on the results of my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.* 18A:18A-4.



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

## **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 alternate procedures to provide meals to 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, 2023. Food Service Agencies operated under this federal waiver.

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

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 students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted. We also inquired of school management, or appropriate school food service personnel, as to whether the District's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

We 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; modification 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 financial transactions and statistical records of the school food services were maintained in satisfactory condition. 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.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will either break even, return a profit or incur a loss of not more than a specified amount. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The 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.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

### **Student Body Activities**

During our review of the Student Activity Funds, we did not note any areas of non-compliance.

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 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. The information that was included on the workpapers was verified. Any errors or exceptions were rectified. The results of our procedures are presented in the Schedule of Audited Enrollments.



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

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

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2021-22 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. No exceptions were noted.

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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

### **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.

### **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.

**BOARD OF EDUCATION  
SHORE REGIONAL HIGH SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2022**

	2023-2024 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. on Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool																
Half Day Kindegarten																
Full Day Kindergarten																
One																
Two																
Three																
Four																
Five																
Six																
Seven																
Eight																
Nine	104	0	104	0	0	0	104	0	104	0	0	0				
Ten	130	0	130	0	0	0	130	0	130	0	0	0				
Eleven	118	5	118	5	0	0	118	5	118	5	0	0				
Twelve	108	6	108	6	0	0	108	6	108	6	0	0				
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	<u>460</u>	<u>11</u>	<u>460</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>460</u>	<u>11</u>	<u>460</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Education:																
Elementary School																
Middle School																
High School	98	15	98	15	0	0	98	15	98	15	0	0				0
Subtotal	<u>98</u>	<u>15</u>	<u>98</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>98</u>	<u>15</u>	<u>98</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	<u>558</u>	<u>26</u>	<u>558</u>	<u>26</u>	<u>0</u>	<u>0</u>	<u>558</u>	<u>26</u>	<u>558</u>	<u>26</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>

**BOARD OF EDUCATION  
SHORE REGIONAL HIGH SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2022**

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindegarten												
Full Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight												
Nine	6	6	0	6	6	0	0	0	0	0	0	0
Ten	7	7	0	7	7	0	0	0	0	0	0	0
Eleven	7.5	7.5	0	7.5	7.5	0	0	0	0	0	0	0
Twelve	8	8	0	8	8	0	0	0	0	0	0	0
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>28.5</u>	<u>28.5</u>	<u>0</u>	<u>28.5</u>	<u>28.5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Education:												
Elementary School												
Middle School												
High School	11	11	0	11	11	0						
Subtotal	<u>11</u>	<u>11</u>	<u>0</u>	<u>11</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>39.5</u>	<u>39.5</u>	<u>0</u>	<u>39.5</u>	<u>39.5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

**Transportation**

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		Reported	Re-Calculated
AIL - Non-Public	31.0	31.0	0.0	31.0	31.0	0.0	Average Mileage - Regular Including Grade PK studen	6.4	6.4
Regular - Public Schools	194.0	194.0	0.0	194.0	194.0	0.0	Average Mileage - Regular Excluding Grade PK studer	6.4	6.4
Regular - Special Education	58.0	58.0	0.0	58.0	58.0	0.0	Average Mileage - Special Ed with Special Needs	8.7	8.7
Transported - Non-Public	124.0	124.0	0.0	124.0	124.0	0.0			
Special Ed Spec	14.0	14.0	0.0	14.0	14.0	0.0			
Totals	<u>421.0</u>	<u>421.0</u>	<u>0.0</u>	<u>421.0</u>	<u>421.0</u>	<u>0.0</u>			
Percentage Error						<u>0.00%</u>			

BOARD OF EDUCATION  
 SHORE REGIONAL HIGH SCHOOL DISTRICT  
 COUNTY OF MONMOUTH  
 SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2022

	LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine	0	0	0	0	0	0
Ten	2	2	0	2	2	0
Eleven	2	2	0	2	2	0
Twelve	0	0	0	0	0	0
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>4</u>	<u>4</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>0</u>
Special Education:						
Elementary School						
Middle School						
High School	1	1	0	1	1	0
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>5</u>	<u>5</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**SHORE REGIONAL HIGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
As of June 30, 2023**

**Section 1**

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

2022-23 Total General Fund Expenditures per the ACFR	\$	22,612,608
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$	3,094,631
Assets Acquired under Capital Leases		
Adjustment for Disallowed Expenditures per S1701		_____
Adjusted 22-23 General Fund Expenditures	\$	19,517,977
2% of Adjusted 2022-23 General Fund Expenditures	\$	390,360
Increased by Allowable Adjustment		_____ 17,940
Maximum Unreserved/Undesignated Fund Balance	\$	<u>408,300</u>

**Section 2**

Total General Fund Balances @ 06/30/23	\$	4,954,189
Decreased by:		
Year-end Encumbrances	\$	36,560
Capital Reserve		1,895,201
Legally Restricted - Excess Surplus- Designated for Subsequent Year's Expenditures		1,025,205
Other Restricted Fund Balances		47,038
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures - Capital Reserve		841,104
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures		_____ -
Total Unassigned Fund Balance	\$	1,109,081
Increased by:		
Adjustment for Disallowed Transfers per S1701	\$	_____
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation	\$	<u>1,109,081</u>

**Section 3**

Restricted Fund Balance - Excess Surplus	\$	<u>700,781</u>
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**Recapitulation of Excess Surplus as of June 30, 2023**

Reserved Excess Surplus -- Designated for Subsequent Year's Expenditures	\$	1,025,205
Reserved Excess Surplus		_____ 700,781
Total	\$	1,725,986

**Detail of Allowable Adjustments**

Impact Aid	\$	
Sale and Lease-back		
Extraordinary Aid - limited to amount not budgeted		
Additional Non Public Sch Transport Aid - limited to amount not budgeted		17,940
Unbudgeted TPAF Wage Freeze Grant Funding		
Maintenance of Equity Aid and State Military Impact Aid		_____
Total Adjustments	\$	17,940

**Detail of Other Restricted Fund Balance**

Statutory Restrictions:		
Approved unspent separate proposal	\$	
Capital Outlay for a district with a Capital Outlay cap waiver		
Sale/Lease-Back Reserve		
Impact Aid General Fund Reserve		
Maintenance Reserve		
Emergency Reserve		
Tuition Reserve		
Unemployment Compensation		47,308
Other State/Government Mandated Reserve		_____
[Other Restricted Fund Balance not noted above]		
Total Other Restricted Fund Balance	\$	<u>47,308</u>

**Shore Regional High School District  
Audit Recommendations Summary  
For the Fiscal Year Ended June 30, 2023**

Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Programs  
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. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
Not Applicable