

**MAINLAND REGIONAL  
BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
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, 2024, and have issued our report thereon dated December 6, 2024.

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

December 6, 2024

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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 ACFR.

Official Bonds

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

**P.L. 2020, c.44**

Our audit 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.

Tuition Charges

The District did not have any tuition students during the 2021-2022 school year where an adjustment would have been required for the 2023-2024 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 no issues.

#### 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.

#### 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, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3 are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$20,200.

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**

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 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. No exceptions were noted.

We also inquired of school management, or appropriate food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

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; 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.

### **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, 2023 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 without exception. 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.

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 2023-24 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. 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.

**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 taken on all the prior year findings.

**Acknowledgment**

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

MAINLAND REGIONAL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023

	2024-2025 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			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	
Full Day Pre-K 3 Yr																											
Full Day Pre-K 4 Yr																											
Half Day Kindergarten																											
Full Day Kindergarten																											
One																											
Two																											
Three																											
Four																											
Five																											
Six																											
Seven																											
Eight																											
Nine	240.0			240.0			-		-				52.0			52.0			-								
Ten	247.0			247.0			-		-				54.0			54.0			-								
Eleven	248.0			248.0			-		-				54.0			54.0			-								
Twelve	238.0			238.0			-		-				52.0			52.0			-								
Subtotal	973.0	-		973.0			-		-			212.0	-		212.0			-		-			-		-		
Special Ed - Elementary																											
Special Ed - Middle School																											
Special Ed - High School	195.0			195.0			-		-			42.0			42.0			-		2.0		2.0		2.0		-	
Subtotal	195.0	-		195.0			-		-			42.0	-		42.0			-		-		2.0		2.0		-	
Total	1,168.0	-		1,168.0			-		-			254.0	-		254.0			-		-		2.0		2.0		-	
Percentage Error							-		-									-		-					-		

MAINLAND REGIONAL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors

Full Day Pre-K 3 Yr												
Full Day Pre-K 4 Yr												
Half Day Kindergarten												
Full Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight												
Nine	41.0	41.0	-	21.0	21.0	-	7.0	7.0	-	6.0	6.0	-
Ten	58.0	58.0	-	30.0	30.0	-	4.0	4.0	-	3.0	3.0	-
Eleven	52.0	52.0	-	27.0	27.0	-	3.0	3.0	-	3.0	3.0	-
Twelve	37.0	37.0	-	20.0	20.0	-	-	-	-	-	-	-
Subtotal	188.0	188.0	-	98.0	98.0	-	14.0	14.0	-	12.0	12.0	-
Special Ed - Elementary												
Special Ed - Middle												
Special Ed - High	75.0	75.0	-	39.0	39.0	-	6.0	6.0	-	5.0	5.0	-
Subtotal	75.0	75.0	-	39.0	39.0	-	6.0	6.0	-	5.0	5.0	-
Total	263.0	263.0	-	137.0	137.0	-	20.0	20.0	-	17.0	17.0	-
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-

Transportation

	Reported on DRTS by DOE/county	Reported on DRTS by District	Tested	Verified	Errors
Reg. - Public Schools	372.0	372.0	133.0	133.0	-
Transported - Non-Public	106.0	106.0	38.0	38.0	-
Non-Public ALL	37.0	37.0	13.0	13.0	-
Regular Special Ed	30.0	30.0	11.0	11.0	-
Special Ed Special Needs	8.0	4.0	2.0	2.0	-
Total	553.0	549.0	197.0	197.0	-

	Reported	Recalc
Avg. Mileage - Regular Including Grade PK students	4.5	4.5
Avg. Mileage - Regular Excluding Grade PK students	4.5	4.5
Avg. Mileage - Special Ed with Special Needs	14.2	14.2

MAINLAND REGIONAL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.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
Full Day Pre-K 3 Yr						
Full Day Pre-K 4 Yr						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine	1.0	1.0	-	1.0	1.0	-
Ten	2.0	2.0	-	1.0	1.0	-
Eleven	1.0	1.0	-	1.0	1.0	-
Twelve	1.0	1.0	-	1.0	1.0	-
Subtotal	5.0	5.0	-	4.0	4.0	-
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High	2.0	2.0	-	2.0	2.0	-
Subtotal	2.0	2.0	-	2.0	2.0	-
Total	7.0	7.0	-	6.0	6.0	-
Percentage Error			-			-

## **EXCESS SURPLUS CALCULATION**

### **REGULAR DISTRICT**

#### **SECTION 1**

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

2023-2024 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 36,049,384.91	(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	(6,240,665.08)	(B2a)
Assets Acquired Under Capital Leases	<u>(428,500.00)</u>	(B2b)
Adjusted 2023-2024 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>29,380,219.83</u>	(B3)
2% of Adjusted 2023-2024 General Fund Expenditures [(B3) times .02]	<u>587,604.40</u>	(B4)
Enter greater of (B4) or \$250,000	<u>587,604.40</u>	(B5)
Increased by: Allowable Adjustment *	<u>275,372.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>862,976.40</u> (M)

#### **SECTION 2**

Total General Fund - Fund Balances @ 6-30-2024 (Per ACFR Budgetary Comparison Schedule C-1)	6,942,386.53	C
Decreased by:		
Year-end Encumbrances	(143,103.75)	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	(2,087,543.38)	(C3)
Other Restricted Fund Balances ****	(1,201,024.00)	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	<u>(123,917.62)</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>3,386,797.78</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U2)-(M)] IF NEGATIVE ENTER -0-	<u>2,523,821.38</u> (E)
---	-------------------------

**Recapitulation of Excess Surplus as of June 30, 2024**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>2,087,543.38</u> (C3)
Reserved Excess Surplus ***[(E)]	<u>2,523,821.38</u> (E)
Total [(C3) + (E) + (F)]	<u><u>4,611,364.76</u></u> (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	252,126.00	(J1)
Additional Nonpublic School Transportation Aid	23,246.00	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Family Crisis Transportation Aid	-	(J4)
Supplemental Stabilization Aid rec. April 2023 & Maint. Of Equity Aid rec. July 2023	<u>-</u>	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u>275,372.00</u>	(K)

\*\* This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2024 ACFR 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>1,201,024.00</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>1,201,024.00</u></u>



**AUDIT RECOMMENDATIONS SUMMARY**  
**For the Fiscal Year Ended June 30, 2024**  
**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**

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

Corrective action has been taken on the all prior year findings.