

***MONMOUTH REGIONAL HIGH  
SCHOOL DISTRICT  
AUDITORS MANAGEMENT REPORT  
FISCAL YEAR ENDED JUNE 30, 2009***

**MONMOUTH REGIONAL HIGH SCHOOL DISTRICT**

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

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**REPORT OF INDEPENDENT AUDITORS**

Honorable President and  
Members of the Board of Education  
Monmouth Regional High School District  
One Norman J. Field Way  
Tinton Falls, New Jersey 07724  
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 Monmouth Regional High School District in the County of Monmouth for the year ended June 30, 2009, and have issued our report thereon dated October 31, 2009.

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 Monmouth Regional High School District Board of Education 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

October 31, 2009

## **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 CAFR.

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

#### **Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Maria Anne Parry, CPA, PSA	Board Secretary/School Business Administrator	\$300,000
Jean Foulke	Treasurer	\$300,000

There is a Public Employees' Dishonesty Policy with the Utica National Insurance Company covering all other employees with multiple coverage of \$100,000.

### **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.

## **Reserve for Encumbrances and Accounts Payable**

All encumbrances and accounts payable at June 30, 2009 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:23-2.2(g) 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-2.4. 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**

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

## **Elementary and Secondary Education Act of 1965 (E.S.E.A.), as amended by the Improving America's Schools Act of 1994**

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 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 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.

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.

## **DEPA Accounting**

Demonstrably Effective Program Aid (DEPA) was not received and expended by the school district.

## **School Purchasing Programs**

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

Effective July 1, 2005 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-3 and 18A:39-3 are \$21,000 and \$15,000 respectively.

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, amended.

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

## **School Food Service**

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.

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.

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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education.

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.

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

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 2006-07 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**  
**MONMOUTH REGIONAL HIGH SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF MEAL COUNT ACTIVITY**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM**  
**ENTERPRISE FUNDS - FOOD SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
**(MEMORANDUM ONLY)**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Over/ Under Claim</u>
National School Lunch	Paid	42,263	42,263	None	0.24	\$ None
	Reduced	1,568	1,568	None	2.17	None
	Free	<u>2,529</u>	<u>2,529</u>	<u>None</u>	2.57	<u>None</u>
Total Net (Over)/Underclaim		<u><u>46,360</u></u>	<u><u>46,360</u></u>	<u><u>None</u></u>		<u><u>None</u></u>



BOARD OF EDUCATION  
 MONMOUTH REGIONAL HIGH SCHOOL DISTRICT  
 COUNTY OF MONMOUTH  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2008

	2009-2010 Application for State School Aid				Sample for Verification				Private Schools for Disabled										
	Reported on		Workpapers		Selected from		Verified per		Errors per	Registers	On Roll	Shared	Reported on	Sample	for	Sample	Sample	Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared											A.S.S.A. as
Full Day Preschool	243		243		243		243												
Day Preschool	219		219		219		219												
Full Day Kindergarten	228	8	228	8	228	8	228	8											
Day Kindergarten	229	8	229	8	229	8	229	8											
<b>Subtotal</b>	<b>919</b>	<b>16</b>	<b>919</b>	<b>16</b>	<b>919</b>	<b>16</b>	<b>919</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Special Education:																			
Elementary School																			
Middle School																			
High School	173	39	172	39	173	39	172	39	1	1	0	0	18	18	18	0	0	0	0
<b>Subtotal</b>	<b>173</b>	<b>39</b>	<b>172</b>	<b>39</b>	<b>173</b>	<b>39</b>	<b>172</b>	<b>39</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Voc. - Regular																			
Voc. Ft. Post Sec.																			
<b>Subtotal</b>	<b>1,092</b>	<b>55</b>	<b>1,091</b>	<b>55</b>	<b>1,092</b>	<b>55</b>	<b>1,091</b>	<b>55</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage Error									0.09%	0.09%	0.00%	0.00%							0.00%



BOARD OF EDUCATION  
 MONMOUTH REGIONAL HIGH SCHOOL DISTRICT  
 COUNTY OF MONMOUTH  
 SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2008

	LEP NOT Low Income		Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool					
Full Day Preschool					
Half Day Kindergarten					
Full Day Kindergarten					
One					
Two					
Three					
Four					
Five					
Six					
Seven					
Eight					
Nine	2	2	2		2
Ten	4	4	4		4
Eleven	0	0	0		0
Twelve	1	1	1		1
Post-Graduate					
Adult H.S. (15+CR.)					
Adult H.S. (11-14 CR.)					
Subtotal	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>7</u>
Special Education:					
Elementary School					
Middle School					
High School					
Subtotal	<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>7</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>7</u>
Percentage Error		0.00%			100.00%

**MONMOUTH REGIONAL HIGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
As of June 30, 2009**

**Section 1**

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

2008-09 Total General Fund Expenditures per the CAFR	\$ 25,394,525
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 1,355,750
Assets Acquired under Capital Leases	347,587
Adjustment for Disallowed Expenditures per S1701	<u>                    </u>
Adjusted 08-09 General Fund Expenditures	\$ 23,691,188
2% of Adjusted 2008-09 General Fund Expenditures	\$ 473,824
Increased by Allowable Adjustment	<u>663,868</u>
Maximum Unreserved/Undesignated Fund Balance	\$ <u>1,137,692</u>

**Section 2**

Total General Fund Balances @ 06/30/09	\$ 6,122,680
Decreased by:	
Reserved for Encumbrances	\$ 1,414,635
Capital Reserve	
Excess Surplus- Designated for Subsequent Year's Expenditures	1,462,009
Other Reserved Fund Balances	129,333
Unreserved --Designated for Subsequent Year's Expenditures	<u>                    </u>
Total Unreserved/Undesignated Fund Balance	\$ 3,116,703
Increased by:	
Adjustment for Disallowed Transfers per S1701	\$ <u>                    </u>
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation	\$ <u>3,116,703</u>

**Section 3**

Reserved Fund Balance - Excess Surplus	\$ <u>1,979,011</u>
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**Recapitulation of Excess Surplus as of June 30, 2009**

Reserved Excess Surplus -- Designated for Subsequent Year's Expenditures	\$ 1,462,009
Reserved Excess Surplus	<u>1,979,011</u>
Total	\$ 3,441,020

**Detail of Allowable Adjustments**

Impact Aid	\$ 618,070
Sale and Lease-back	-
Extraordinary Aid	24,224
Additional Non public School Transportation Aid	21,574
Higher Expectations for Learning and Proficiency Aid	<u>                    </u>
Total Adjustments	\$ 663,868

**Detail of Other Reserved Fund Balance**

Statutory Restrictions:	
Approved unspent separate proposal	\$ -
Capital Outlay for a district with a Capital Outlay SGLA	-
Sale/Lease-Back Reserve	-
Capital Reserve	79,333
Maintenance Reserve	50,000
Emergency Reserve	-
Tuition Reserve	-
Other State/Government Mandated Reserve	<u>                    </u>

[Other Reserved Fund Balance not noted above]

Total Other Reserved Fund Balance	\$ <u>129,333</u>
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