



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

***MANCHESTER ESSEX REGIONAL SCHOOL
DISTRICT***

***REPORT ON APPLYING AGREED-UPON
PROCEDURES OVER COMPLIANCE APPLICABLE TO
MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR FINANCIAL REPORT***

YEAR ENDED JUNE 30, 2023

MANCHESTER ESSEX REGIONAL SCHOOL DISTRICT

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
OVER COMPLIANCE APPLICABLE TO
MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2023

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES OVER COMPLIANCE APPLICABLE
TO MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR FINANCIAL REPORT**

To the School Committee
Manchester Essex Regional School District

We have performed the procedures enumerated below, related to the requirements set forth in the Massachusetts Department of Elementary and Secondary Education's (the DESE) *Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements* related to the End-of-Year Financial Report (the EOYR) prepared by the Manchester Essex Regional School District (the District) for the year ended June 30, 2023. The District's management is responsible for its compliance with those requirements.

The engaging party, the District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose specified in the Massachusetts Department of Elementary and Secondary Education's *Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements* related to the End-of-Year Financial Report prepared by the District for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. For purposes of performing these procedures, findings were reported only if they exceeded 3% of Line 1850 in the EOYR.

Our procedures and results are reported in the attached Schedule of DESE EOYR Compliance Supplement Procedures and Results.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Manchester Essex Regional School District, and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan LLC

March 18, 2024

SCHEDULE OF DESE EOYR COMPLIANCE SUPPLEMENT PROCEDURES AND RESULTS

DESE Compliance Supplement Requirements	Agreed-Upon Procedures	Results
General Compliance Requirements		
1. For All EOYR Schedules:		
A. Ascertain if the financial information was prepared in accordance with the budgetary basis of accounting (e.g., modified accrual plus current year encumbrances minus expenditures of prior year encumbrances).	Obtained copies of the current and prior year accounting ledger reports with the School Department General Fund expenditures, including any outstanding encumbrances, and determined that the total expenditures reported on Schedule 1 of the EOYR consisted of current year expenditures and encumbrances, less prior year encumbrances.	Procedure performed without exception.
a. Trace the amounts reported to accounting and other records that support the audited financial statements and verify [determine] agreement or perform alternative procedures to verify [determine] the accuracy and completeness of the reports and that they agree with the accounting records.	Traced individual amounts reported to the underlying support (e.g., accounting ledger).	Procedure performed without exception.
B. Trace non-financial data to records that accumulate and summarize data.		
a. Perform tests of the underlying data to verify [determine] that the data was accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the schedules. For Schedule 7, test eligibility criteria for reimbursable riders (pupils residing greater than 1.5 miles from their school of attendance).	Non-financial DESE placement amounts reported on Schedule 4 were traced to support obtained from the District. Non-financial rider data reported on Schedule 7 were traced to detailed rider listings provided by the District.	Procedure performed without exception.

b. When intervening computations or calculations are required between the records and the schedules, trace reported data elements to supporting worksheets or other documentation that link the schedules to the data.	Traced the number of students included in the summary rider listings reported on the EOYR back to the detailed transportation reports and determined the number of reimbursable and non-reimbursable riders reported on the EOYR were properly calculated.	Procedure performed without exception.
C. Determine if the District's accounting system meets the following DESE requirements:		
a. Determine whether the District uses an accounting system that 1) provides for the reporting of all instructional costs by school location and 2) is in accordance with 603 CMR 10.03 (3)(a).	Obtained copies of the District's expenditure reports and observed that the District's accounting ledger account structure includes specific account segments for each school location. Obtained copies of the District's expenditure reports and inspected to confirm that the accounting system is in accordance with 603 CMR 10.03 (3)(a).	Procedure performed without exception.
b. Determine if the accounting system is supported by up-to-date written policies and procedures and that the policies and procedures are followed on a uniform and consistent basis.	Obtained a current set of policies and procedures related to the accounting system and determined that such policies are followed.	Procedure performed without exception.
c. Determine if the District maintains written policies and procedures related to the classification of salaries and expenses by program, function and object and that the policies and procedures are followed on a uniform and consistent basis.	Obtained a current set of policies and procedures related to the classification of salaries and expenses by program, function, and object and agree that such policies are followed.	Procedure performed without exception.
2. Obtain written representation from management that the reports provided to the auditor are true copies of the EOYR submitted or electronically transmitted to the Department.	Obtained a signed Representation Letter from management which states that the reports provided are true copies of the EOYR submitted or electronically transmitted to DESE.	Procedure performed without exception.

3. Determine that the District submitted a signed Certification Statement.	Obtained signed Certification Statement submitted to DESE.	Procedure performed without exception.
4. Determine if amendments required from prior year's audit were submitted.	Inquired of the District if DESE required any amendments to be made. Inspected correspondence and documentation from the District that amendments were made.	Procedure performed without exception.
Specific Compliance Requirements		
I. Revenues		
A. Revenue from Local Sources		
1. Trace Revenues from Local Sources reported on Schedule 1 to the municipal and District accounting ledgers. Also, trace the revenues reported on District's accounting ledgers to revenues reported on Schedule 1. These amounts should agree.	Traced revenues from Local Sources reported on Schedule 1 to revenue per the accounting ledger reports provided by the District. Traced local sources revenues reported in the District's accounting ledger to Local Sources reported on Schedule 1.	Procedure performed without exception.
C, D, and E. Revenues from Federal Grants, State Grants and Revolving and Special Funds		
2. Trace the revenue from state aid, federal grants, state grants, and revolving and special funds to the detail in District's accounting ledgers. Also, trace the revenues reported on District's accounting ledgers to revenues reported on Schedule 1. These amounts should agree with the possible exception of revenue from state aid, federal grants and state grants, which are entered by the state based on allotments. <i>Validate that the DESE Administered Federal Grant revenues entered on line 300 and the DESE Administered State Grant revenues on line 510 match the final FY23 grant revenue file posted on the DESE EOYR website.</i>	Traced state aid, federal grants, revolving and special funds revenues reported on Schedule 1 to accounting ledger reports provided by the District. Traced state aid, federal grants, state grants, revolving and special funds revenues reported in the District's accounting ledger to state aid, federal grants, state grants, revolving and special funds revenues reported on Schedule 1. Traced state aid, federal grants and state grants reported on Schedule 1 to the amounts posted on the DESE website and the amounts reported in the District's accounting ledger.	Procedure performed without exception.

<p><i>Note: Amounts deposited in legally authorized revolving accounts (e.g. School Choice) cannot be transferred to the General Fund.</i></p>	<p>Determined that the DESE Administered Federal Grant revenues entered on line 300 and the DESE Administered State Grant revenues on line 510 match the final FY23 grant revenue file posted on the DESE EOYR website.</p>	
<p>II. Expenditures</p>		
<p>A. By School Committee and B. By City or Town</p>		
<p>3. Trace the amounts reported for general fund education expenditures from Schedule 1, line 1850 to the municipal accounting ledgers and to the District accounting ledgers. Also, trace the expenditures reported on the District's accounting ledgers to expenditures reported on Schedule 1. These amounts should agree. If a crosswalk exists between the accounting ledgers and the EOYR, verify [determine] that the crosswalk agrees with the accounting ledgers in total and trace a sample of expenditures from the crosswalk to the accounting ledger.</p>	<p>Traced amounts reported for General Fund education expenditures from Schedule 1, line 1850 to the accounting ledger report/crosswalk.</p> <p>Traced the General Fund education expenditures reported on the District's accounting ledger/crosswalk to expenditures reported on Schedule 1.</p>	<p>Procedure performed without exception.</p>
<p>4. Trace the amounts reported for a sample of DESE functions (i.e., teachers, principals), object codes (i.e., professional salaries (01), other salaries (02), and other expenditures (04-06)) and DESE programs (i.e., regular day, special education, etc.) in Schedule 1 to the detail in the accounting ledgers or to the crosswalk, if applicable. These amounts should agree.</p>	<p>Selected a sample of DESE functions reported in Schedule 1 and traced the amounts reported by function, object code, and DESE program to the general ledger report/crosswalk.</p>	<p>Procedure performed without exception.</p>
<p>5. Test Extraordinary Maintenance (4300) expenditures for the following: Verify [determine] that expenditures do not include salaries; verify [determine] that the expenditures include applicable principal portions of a loan or the cost of a</p>	<p>Obtained detailed expenditure report for Extraordinary Maintenance expenditures reported on Schedule 1 of the EOYR and determined that these expenditures do not include salaries and that these expenditures include applicable principal portions of a loan or</p>	<p>Procedure performed without exception. No extraordinary maintenance expenditures were reported.</p>

lease/purchase agreement; and verify [determine] that expenditures classified as Extraordinary Maintenance (4300) do not exceed the per project per school dollar limit for extraordinary maintenance of \$150,000. Trace the expenditures to the detail in the accounting ledgers.	the cost of a lease/purchase agreement, if applicable. Determined that these expenditures do not exceed the per project per school dollar limit for extraordinary maintenance of \$150,000. Traced expenditures reported to the accounting ledger.	
6. Determine how expenditures for fringe benefits are assigned or allocated to Schedule 1 Employee Benefits, Insurance (5100, 5200).		
a. Trace the reported cost to the detail in the accounting ledgers using the methodology indicated. These amounts should agree.	Traced expenditures reported for fringe benefits to the accounting ledger and/or other records (i.e., invoices, allocation schedules, written agreement between the City/Town and School Department indicating the agreed-upon allocation methodology, etc.).	Procedure performed without exception.
b. Determine if expenses are charged to 5150 Employee Separation Costs. If no expenses are charged inquire if any District employees retired in FY23. In the event District employees retired, there should be costs/expenses reported.	Determined the District separately reports Employee Separation Costs (5150). If no amounts were reported, inquired if any District employees retired in the current fiscal year.	Procedure performed without exception.
c. <i>Determine if the District reported Insurance for Retired Employees (5250) separately and appropriately.</i>	Determined the District separately reports insurance for Retired School Employees (5250) and traced the amount reported to the accounting ledger.	Procedure performed without exception.
7. If amounts are reported for Rental Lease of Equipment or Buildings determine if the required rental lease schedule is maintained locally.	Traced amounts reported for Rental Lease of Equipment or Buildings to rental lease schedule.	Procedure performed without exception.
8. Verify [determine] that expenditures charged to lines 1683 or 2060, Short-term	Traced amounts reported on lines 1683 or 2060, Short-term Interest RANs (5400) to supporting documentation and determined that costs relate	Procedure performed without exception.

Interest RANs (5400) relate exclusively to Revenue Anticipation Notes (RANs).	exclusively to Revenue Anticipation Notes (RANs).	
9. Verify [determine] that expenditures charged to line 1684 or 2065, Short-term Interest BANs (5450) relate exclusively to Bond Anticipation Notes (BANs).	Traced amounts reported on lines 1684 or 2065, Short-term Interest BANs (5450) to supporting documentation and determined that costs relate exclusively to Bond Anticipation Notes (BANs).	Procedure performed without exception.
10. Identify expenditures reported as long-term School Construction debt for principal (8100) and interest (8200). Verify [determine] that BANs are not included in these functions. Trace the reported costs to the treasurer's debt schedule. Trace the reported amount to the detail in the accounting ledgers. These amounts should agree. <i>Note: If the District received a lump sum wait list or progress payment from the Massachusetts School Building Authority (MSBA), verify [determine] that the revenue was reported on line 130 and that expenses were reported for paydown of principal (8100) or Purchase of Land and Buildings (7100, 7200) if applicable.</i>	Traced amounts reported as long-term School Construction debt for principal (8100) and interest (8200) to the treasurer's debt schedule and to detail in the accounting ledgers and determined that BANs are not included in these functions. If the District received a lump sum wait list or progress payment from the Massachusetts School Building Authority (MSBA), determined that the revenue was reported on line 130 and that expenses were reported for paydown of principal (8100) or Purchase of Land and Buildings (7100,7200).	Procedure performed without exception.
11. Trace the expenditures for tuition payments to other public-school Districts in state (9100), to out of state schools (9200), to non-public schools (9300), to member collaboratives (9400), and assessments to member regional school Districts (9500) to the detail in the accounting ledgers. These amounts should agree. Note: If the District prepaid FY24 special education tuition, verify [determine] that prepaid tuition was not included as an FY23 expense. If the District prepaid FY23 tuition from FY22, that amount should be included as an FY23 expense.	Traced the expenditures for tuition payments to other public-school Districts in state (9100), to out of state schools (9200), to non-public schools (9300), to member collaboratives (9400), and assessments to member regional school Districts (9500) to the accounting ledgers. Inspected supporting documentation (invoices) for prepaid special education tuition and determined that the District did not include FY24 special education tuition as an expenditure on the EOYR, but if the District prepaid FY23 tuition from FY22, that amount was included as an FY23 expenditure on the EOYR.	Procedure performed without exception.

12. For municipal expenditures that result in services directly related to the school committee:		
a. Obtain a copy of a written agreement between the School Committee and municipal officials documenting agreed upon methodologies to be used when allocating, distributing or assigning Municipal expenditures to the District.	Obtained a copy of the written agreement between the School Committee and Town documenting the methodologies to be used when allocating, distributing, or assigning municipal expenditures to the District.	
b. Test the amounts reported using the documented methodology. These amounts should agree.	Recalculated the amounts reported based on the written methodology previously obtained.	
13. Expenditures from Federal Grants, State Grants and Special Funds		
a. Trace amounts claimed as Circuit Breaker expenses on line 3080 column 7 to the accounting ledgers or journals.	Traced amounts reported as Circuit Breaker expenses on line 3080 column 7 to the accounting ledger.	Procedure performed without exception.
b. Determine if the District charged a restricted indirect rate to grants and indicate so in the report (including the rate charged).	Through inquiry of personnel, determined if the District charged a restricted indirect rate to grants. If applicable, reported the grant and the rate charged.	The District did not charge a restricted indirect rate to grants.
Schedule 3		
14. For Schedule 3 expenditures:		
a. Verify [determine] that the District's accounting system includes school location codes and trace the amounts reported by school location on the linked file to the accounting ledgers. These amounts should agree.	Traced the amounts reported by school location to the accounting ledger.	Procedure performed without exception.
b. If staff is assigned to more than one school, determine if the District maintains a payroll system or spreadsheet to document the assignment of staff salaries by school location.	Through inquiry of personnel and inspection of payroll reports, determined that the District maintains a payroll system or spreadsheet to document the assignment of staff salaries by school location.	Procedure performed without exception.

c. If allocations are used to assign staff salaries to schools, programs, functions, or objects, was the allocation supported by a documented methodology?	If allocations were used to assign staff salaries to schools, programs, functions, or objects, determined that the allocations were supported by a documented methodology.	Not applicable as allocations were not used to assign staff salaries.
d. If allocations are used for non-salary expenditures, determine if the District maintains a documented methodology for consistency in application. Allocations are acceptable on Schedule 3 for non-salary expenditures although direct assignment or charging is preferable.	If allocations were used for non-salary expenditures, determined that the allocations were consistent with the documented methodology.	Not applicable as allocations were not used to assign non-staff salaries.
e. Ensure amounts reported as Districtwide expenditures cannot be assigned to a specific school.	Determined that Districtwide expenditures were not assigned to a specific school.	Procedure performed without exception.
Schedule 4		
15. Ascertain the methodology used to allocate, distribute, or assign special education costs to the placement categories on Schedule 4 and review the propriety of the methodology. Test the amounts reported on Schedule 4 using this methodology. These amounts should agree.	Obtained the methodology used to allocate, distribute, or assign special education costs to the placement categories on Schedule 4. Determined through comparison that the methodology was consistent with prior years and is based on the number of special education students reported by placement code or direct expenditures reported by placement code. Recalculated the amounts reported on Schedule 4 based on the methodology.	Procedure performed without exception.
Schedule 7		
16. Trace the transportation expenditures reported on Schedule 7 to the transportation expenditures reported on Schedule 1. These amounts should agree. Ensure that all expenditures reported do not include unliquidated encumbrances. Determine the methodology used to allocate transportation	Traced transportation expenditures reported on Schedule 7 to transportation expenditures reported on Schedule 1 and determined that expenditures reported did not include unliquidated encumbrances.	Procedure performed without exception.

expenditures on Schedule 7 and verify [determine] the accuracy of the allocations. Also, if applicable, verify [determine] that reimbursable expenditures have been reduced by transportation revenue received from students transported.	<p>Obtained supporting documentation of the District's methodology used to allocate transportation expenditures on Schedule 7 and recalculated the amounts reported based on the methodology.</p> <p>If transportation fees are reported on Schedule 1, traced reimbursable expenditures reported to the underlying support (and ensured that expenditures were reduced by any transportation revenue received).</p>	
17. Determine if there is adequate detail to support amounts reported (expenses and riders) for special education pupils transported outside the District.	Obtained supporting documentation (reports from accounting system and rider lists) to support amounts reported (expenses and riders) for special education pupils transported out the District.	Procedures performed without exception.
18. Trace the riders reported on Schedule 7 to the detailed transportation records and verify [determine] that the amounts reported on Schedule 7 are accurate and consistent with the detailed records.	Traced riders reported on Schedule 7 to the detailed transportation records maintained by the District.	Procedure performed without exception.
19. Determine if the District's accounting system separates costs in order to facilitate reporting as outlined in Schedule 7, including in- or out-of-District, pre-school, non-public, school choice, charter school).	Determined that the District's accounting system separates costs to facilitate reporting as outlined in Schedule 7, including in- or out-of-District, pre-school, non-public, school choice, charter school).	
a. Determine if reimbursable expenditures claimed on line 4283 Homeless to Outside the District and line 4285 Homeless from Outside the District are supported by adequate documentation.	Obtained supporting documentation (reports from the accounting system or invoices) for reimbursable expenditures claimed on Line 4283 for Homeless to Outside the District and Line 4285 for Homeless from Outside the District.	Procedure performed without exception.
b. Verify [determine] that foster care transportation was not claimed as homeless and is reported appropriately on line 4286.	Determined foster care transportation was not claimed as homeless and is reported appropriately on Line 4286.	Procedure performed without exception.

<p>If a cost allocation plan was used to determine reimbursable expenditures, review the propriety of the plan and test the expenditures reported.</p>	<p>If a cost allocation plan was used, obtained the District's methodology to allocate reimbursable expenditures reported on Line 4283 and Line 4285 and agreed through comparison that the plan was consistent with prior years and is based on the number of homeless students in each category.</p> <p>Recalculated the amounts reported on Line 4283 and Line 4285 based on the cost allocation plan.</p>	<p>Not applicable as a cost allocation plan was not used.</p>
Schedule 19		
<p>20. Determine if the school District has reported all changes to Schedule 19 Part A.1 — Appropriation by School Committee to the Department. Compare the final School Committee appropriation to Schedule 19 Part A.1 as filed/amended to determine if all changes were reported.</p>	<p>Traced final School Committee Appropriation amount per Line 7320 of Schedule 19 to the District's annual adopted budget.</p>	<p>Procedure performed without exception.</p>
<p>21. Determine amounts budgeted in Schedule 19 Part A.2 are consistent with methodologies outlined in the agreement noted in procedure II A. 4 a. above.</p>	<p>Obtained documentation to support the amounts budgeted in Schedule 19, Part A.2. Recalculated the amounts in accordance with the methodologies identified in procedure II A. 4 a. above.</p>	<p>Procedure performed without exception.</p>
<p>22. Determine that retiree health insurance (5250) is reported separately.</p>	<p>Observed Line 7490 to confirm whether amounts were reported for retiree health insurance (5250) and that retiree health insurance (5250) is reported separately.</p>	<p>Procedure performed without exception.</p>

SUPPLEMENTARY INFORMATION

In accordance with Step 13b in the Department of Elementary and Secondary Education's *Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements*, the District did not charge a restricted indirect cost rate to grants.