

***MOUNTAINSIDE SCHOOL DISTRICT  
COUNTY OF UNION, NEW JERSEY***

***AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND  
PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015***

***HODULIK & MORRISON, P.A.***  
*CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
HIGHLAND PARK, N.J.*

**MOUNTAINSIDE SCHOOL DISTRICT  
UNION COUNTY, NEW JERSEY**

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

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2 - 3
Financial Planning, Accounting and Reporting	
Examination of Claims	3
Payroll Account	3 - 4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Travel	4
Budgetary Transfers	5
Investment of Idle Funds	5
Board Secretary's Records	5
Elementary and Secondary Education Act (E.S.E.A.) Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001	5
Other Special Federal and/or State Projects	6
T.P.A.F. Reimbursement	6
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	6 - 7
School Food Service Fund	7 - 8
Student Activity Funds	8
Scholarship Funds	8
Application for State School Aid	8
Pupil Transportation	9
General Fixed Asset records	9
Summary of Recommendations	10
Review of Prior Year Findings	10
Acknowledgment	10
Net Cash Resource Schedule	11
Schedule of Audited Enrollments	12 - 13
Excess Surplus Calculation	14 - 16

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INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Borough of Mountainside School District  
Union County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the basic financial statements of the Board of Education of the Borough of Mountainside School District in the County of Union for the year ended June 30, 2015, and have issued our report thereon dated November 24, 2015.

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 Borough of Mountainside 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.

  
HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

  
Robert s. Morrison  
Certified Public Accountant  
Public School Accountant #871

November 24, 2015  
Highland Park, New Jersey

ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, and the records of the various funds and accounts under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

The District is a member of the School Alliance Insurance Fund, a joint insurance fund formed under the provisions of N.J.S.A. 18A:18:b-1 et seq. One of the objectives of a joint insurance fund is to provide a cost effective risk management program. This is accomplished through member risk retention, pooled risk retention through the fund, and the procurement of excess insurance coverage at premiums that reflect the combined purchasing power of all the fund members. The fund's risk management plan, which sets forth limits of coverage, individual member risk retention (per occurrence and aggregate), fund risk retention, is set forth on Exhibit J-20 of the District's CAFR. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following position was covered by Surety Bonds:

Mr. Eric Larson, School Business Administrator/ Board Secretary	194,000.00
--	------------

The District has procured Blanket Dishonesty (Including Faithful performance) Bond coverage in the amounts of \$500,000 for each loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. During the 2010-2011 school year, a settlement with the receiving district was reached regarding tuition adjustments for the costs of certain special education programs provided by the receiving district. The settlement called for a total adjustment of \$330,000, payable in five (5) equal installments of \$66,000, commencing with the 2010-2011 school year. The fifth and final installment, due in July, 2015, was included in the 2015-2016 budget within the tuition accounts. Upon the certification of the 2013-14 tuition rates, an upward adjustment of \$469,596 was established as due to the receiving district. As a result of negotiations, this payment will be due in two equal installments. Additionally, based upon preliminary calculations prepared by the School

## ADMINISTRATIVE PRACTICES AND PROCEDURES (CONT'D)

### Tuition Charges (Cont'd)

Business Administrator, it appears that both the estimated student count and the estimated cost per pupil utilized to establish the 2014-15 tuition rate with the receiving district underestimate actual amounts. The estimate of the tuition adjustment that may be required is \$670,000. The Business office has instituted procedures to assure that future tuition amounts are reflective of more precise estimates of students to be sent.

## 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.

During the current period, the controls over the processing of disbursements were tested to assure that all requisite documentation and necessary approvals had been obtained prior to the placing of claims on bill lists for Board approval. No exceptions were noted. Audit tests of issued checks indicated that at least two authorized manual signatures were affixed to any disbursement check not previously approved by the Board of Education. Manual checks were minimal during the period under audit.

### Payroll Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the 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. Tests were made of these records with no exceptions noted.

Audit tests of the time and attendance records and personnel files indicated that District employees were paid at the proper rates and in the proper amounts. Audit tests also indicated that the District had procedures in place to ensure the timely enrollment of all employees who are entitled to membership in the state-sponsored pension systems, and tests of employees whose payroll records indicated that no pension deductions were being withheld indicated that the employee was not eligible in every instance. Tests of the payroll records also indicated that employee contributions for a share of the costs of their health benefits were withheld at the proper rates based upon the provisions of the governing statute and the terms of collective bargaining agreements.

Previous findings relating to the timely reconciliation of the payroll and agency bank accounts were corrected during the current period.

As noted in prior reports, the District utilizes an external service organization for the processing of payrolls, and identified a significant component of the Mountainside School District's internal control function exercised by this service organization. In accordance with applicable auditing standards we requested a report from an independent accountant on the service organization's controls placed in operation and the results of tests (if any) of the operating effectiveness of the controls.

## FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)

### Payroll Account (Cont'd)

In response, the District received such a report that identifies the service organization's controls and opines that such controls are suitably designed to achieve the specified control objectives and have been placed in operation as of June 30, 2015. The terms and conditions under which the District's payroll processing agency provided its services were formalized into a written contractual agreement which was presented to, and approved by the Board of Education.

### TPAF Reimbursement to the State for Federal Salary Expenditures

No salaries for TPAF eligible employees were charged to state or federal grant programs during 2014-15. Accordingly, no reimbursement to the State for the amount of any such expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF Pension and Social Security payments made by the State on-behalf of the school district was required.

### Reserve for Encumbrances, Liability (Current) for 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. The use of blanket orders during the school year included recurring costs such as energy and utilities. Other use of blanket orders were based on operating efficiencies, and controls over their utilization were good.

The budgetary accounting process and the records and reports generated by the accounting system continued to function as designed during the current period. Tests of the records indicated that expenditures/expenses were recorded in the appropriate accounting period and that all amounts payable at the close of the year based upon delivery of goods and/or performance of services had been charged against the current year budget appropriations.

### Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A: 23-2.2(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: 23-8.2. As a result of the procedures performed we found no discrepancies in the classification of expenditures and no additional procedures were deemed necessary to test the propriety of the expenditure classification.

### Travel

Tests were performed to determine the existence of required policy documents and the District's compliance with same with respect to the timely approval and appropriate reimbursement rates for approved travel. No exceptions were noted.

## FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)

### Budgetary Transfers

During the current period, we noted a significant volume of budgetary transfers presented to the Board of Education for approval. Audit tests indicated that the need for these transfers was based upon the inability of the District to include contingency funds in its operating budgets. The budget spending variance in the 2014-2015 budget was once again favorable. The existing regulatory environment has effectively transformed the budget from a planning document into a legal spending limit. In order to avoid forced cuts to spending in future years, the District must, at a minimum, regenerate the amounts of fund balance budgeted in the prior year. During 2014-15, the District budgeted \$345,794 of fund balance. The adopted budget for 2015-16 calls for the utilization of \$576,038 of fund balance. The favorable budgetary variance of \$694,463 successfully regenerated enough fund balance to sustain the 2014-15 budget and also permitted the Board to set aside \$234,798 as Tuition Reserves, which are intended to fund the first installment of the 2013-14 tuition adjustment payable. Unanticipated tuition adjustments could easily eliminate a large portion of favorable variances going forward. When unforeseen expenses or cost increases occur, management is required to "find" funds in other budget accounts to cover these contingencies and exigencies. At June 30, 2015, the District reported a budgetary basis net unrestricted general fund balance of \$320,429.87, which is equal to 2% of 2014-15 expenditures as adjusted in accordance with the governing regulations.

### Investment of Idle Funds

During the 2013-14 school year, interest rates remained at historic lows, and interest earnings on general funds was negligible. However, a new depository is being utilized for the proceeds of the District's 2014 Bonds to maximize investment earnings on these funds. A total of \$37,765.91 of interest was earned on the Bond Referendum account during 2014-15 and was transferred to the general fund.

### Board Secretary's Records

The official minute record was awaiting binding during the period our audit was performed, and as such, was not in a condition that we would deem sufficient for a required permanent record. However, assuming that the minute records, including all attachments thereto, are ultimately bound into hard covered record books, they would meet all statutory requirements. A similar condition was noted during our previous examination, and the binding of those documents did occur during the current period.

The District reinstated the position of Treasurer for the 2014-2015 school year, and timely and accurate monthly Treasurer's reports were on file in the office of the School Business Administrator.

### Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB 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 II of the Elementary and Secondary Education Act as amended. Additional federal funding was received for I.D.E.A. Part B Basic and Preschool programs.

## FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)

### Other Special Federal and/or State Projects

The District's did not operate any State Special Projects during the 2014-2015 school year.

The financial exhibits are contained within the Special Revenue section of the CAFR, which documents the financial position pertaining to the aforementioned special projects on a grant accounting budgetary basis and reports the financial position of the fund on a GAAP basis at June 30, 2015.

### 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. The payroll software produces reports of T.P.A.F. employees and covered salaries, and calculates the amounts of reimbursements to be sought. Tests of these reports yielded no exceptions.

## SCHOOL PURCHASING PROGRAMS

### Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A: 18A-3 states"

"a. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price of which, together with any other sums expended or foreseeably to be expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of school funds, does not exceed the total sum of \$17,500.00 or the amount determined pursuant to subsection b. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore.

"b. Commencing in the fifth year after the year in which P.L. 1999,c.440 takes effect, and every two years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section, to the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1, of the year in which it is made."

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2012 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$36,000 and \$26,000 respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18:39-3 is currently \$18,300.

## SCHOOL PURCHASING PROGRAMS (Cont'd.)

### Contracts and Agreements Requiring Advertisement for Bids (Cont'd.)

The Board of Education has the responsibility of determining whether the expenditures in 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. Encumbrances and disbursements were reviewed, however, to determine whether any clear-cut violations existed

Our tests did not reveal any instances of individual payments, contracts or agreements for the performance of work or the provision of 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.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

The results of the audit indicated that the existing procurement policies and procedures were generally adequate to identify contemplated purchases that required additional procedures (quotes, bids, etc.) to comply with the provisions of the School Contracts Law, and no instances of non-compliance were identified by the audit.

### School Food Service Fund

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis. The Mountainside School District is a participant in the National School Lunch Program.

The number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement vouchers were timely filed, and meals claimed were in agreement with meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to 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 applications were reviewed for uniform administration throughout the school system. Required verification procedures for free and reduced price applications were reviewed for completeness and availability. No exceptions were noted.

Expenses consist of billings from a contractor engaged by the Board to administer the District's cafeteria operations plus additional costs for items such as repairs, which are paid directly by the District. All billings were fully itemized, and audit tests revealed no exceptions to the terms of the contract.

## SCHOOL PURCHASING PROGRAMS (CONT'D)

### School Food Service Fund (Cont'd.)

Amounts collected for food sales are deposited to a Board account. The appropriate revenue and expense 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.

Appropriate records were maintained to substantiate the non-profit status of the Food Service Fund. Net cash resources did not exceed three months average expenses.

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

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

### Student Activity Funds

Our audit of the student activity funds indicated that voucher systems were in use, and sincere efforts were made to obtain vendor affidavits in instances where amounts disbursed exceeded \$150. Managerial oversight of fund treasurers to ensure timely cash reconciliations and financial reporting was noted.

### Scholarship Funds

The District reported three scholarship funds in 2014-15. One is accounted for as a nonexpendable trust and two are accounted for as expendable trusts. The District has the requisite documentation on hand to substantiate the accounting treatment afforded each scholarship fund. Due to the declining interest rate structure, the expendable balance of the nonexpendable trust is less than the annual scholarship awards. This fund requires that a principal balance of \$100,000 be maintained, and in no circumstance should awards be made that reduce the balance below this amount without an agreement from the grantor to change the provisions of the trust. During the 2014-2015 school year, previous commitments required that disbursements be made from the non-expendable trust which further reduced the principal balance below the minimum amount set forth in the grantor document. No additional scholarship commitments were made from the fund during the year. Absent a revision to the grantor trust document, no additional scholarship awards from the Rosenstiel Scholarship Fund should be made until such time as the fund has replenished itself with investment income to a level that exceeds the non-expendable balance.

### Application for State School Aid (A.S.S.A.)

Our audit included a test of information reported in the October 15, 2014 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of District procedures relating 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.

## SCHOOL PURCHASING PROGRAMS (CONT'D)

### Pupil Transportation

Our procedures included a test of on-roll status reported in the 2007-08 District Report of Resident Transported Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with minor exceptions 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.

The minutes indicate Board approvals of transportation contracts with both public and private providers. Our tests of the individual route contracts, which are required to be prepared on a state mandated form and maintained on file, revealed no exceptions.

### General Fixed Asset Record

The District had an inventory and valuation of its general fixed assets taken as of June 30, 2012. However, the records presented failed to include values for District owned lands. Furthermore, the building cost values included in the inventory report were clearly understated, as amounts reported were less than the cost of improvements made to the buildings in the last 10 years. Accordingly, management determined that the prior inventory, from 2006, with adjustments, was the more appropriate and accurate record of the fixed assets of the District as of June 30, 2014. Management has contracted for a new inventory and valuation of its capital assets to be performed during 2014-15. Furthermore, the costs of the ongoing capital improvement program must be aggregated by school and project to permit the timely additions to capital asset accounts. Cost incurred for uncompleted projects should be recorded in a separate "Construction in Progress" account until each project or phase of a project is completed and placed into service.

SUMMARY OF RECOMMENDATIONS

None

Status of Prior Year Findings:

At the date of this report, corrective actions have been implemented to address the deficiency noted and the recommendation made as part of our previous report.

\* \* \* \* \*

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants



Robert S. Morrison  
Certified Public Accountant  
Public School Accountant #871

## NET CASH RESOURCE SCHEDULE

Net cash resources did/did not exceed three months of expenditures

Proprietary Funds - Food Service

FYE 2015

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 54,833.49
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	2,553
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(7,373)
B-4		Less Accruals	
B-4		Less Due to Other Funds	(8,267)
B-4		Less Deferred Revenue	(7,160)
		<b>Net Cash Resources</b>	<b><u>\$ 34,586.70</u></b> (A)
 <b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Tot. Operating Exp.	164,707
B-5		Less Depreciation	(6,088)
		Adj. Tot. Oper. Exp.	<b><u>\$ 158,619.46</u></b> (B)
 <b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	<b><u>\$ 15,861.95</u></b> (C)
 <b><u>Three times monthly Average:</u></b>			
		3 X C	<b><u>\$ 47,585.84</u></b> (D)

TOTAL IN BOX A	\$	34,586.70	
LESS TOTAL IN BOX D	\$	47,585.84	
NET	\$	<b><u>(12,999.14)</u></b>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**SCHEDULE OF AUDITED ENROLLMENTS**

**MOUNTAINSIDE BORO SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-16 Application for State School Aid (10/15/14 data)						Sample for Verification						Private Schools for Handicapped				
	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. Private Schools	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	3		3					1		1							
Full Day Preschool																	
Half Day Kindergarden																	
Full Day Kindergarden	66		66					16		16			1	1	1		
One	83		83					20		20							
Two	65		65					16		16							
Three	99		99					24		24							
Four	72		72					18		18							
Five	81		81					20		20							
Six	61		61					16		16							
Seven	84		84					21		21			3	3	3		
Eight	75		75					18		18							
Nine	63		63					15		15			2	2	2		
Ten	76		76					18		18							
Eleven	58	2	58	2.0				14		14							
Twelve	63		63					15		15							
Post - Graduate													1				
Adult H.S. (15+CR.)																	
Adult H.S. (1-14CR.)																	
Subtotals	949	2	949	2.0				232		232			7	6	6		
Sp Ed - Elementary	30		30					7		7							
Sp Ed - Middle School	28		28					6		6							
Sp Ed - High School	34		34					9		9							
Subtotals	92		92					22		22							
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	1,041	2	1,041	2				254		254			7	6	6		
Percentage Error																	

**SCHEDULE OF AUDITED ENROLLMENTS**

**MOUNTAINSIDE BORO SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

	Low Income			Sample for Verification			Resident LEP			Sample for Verification		
	Reported on A.S.S.A. As Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Application And Register	Sample Errors	Reported on A.S.S.A. as LEP Education	Reported on Workpapers LEP Education	Sample Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarden												
Full Day Kindergarden												
One												
Two												
Three		1	1		1	1						
Four												
Five												
Six												
Seven		1	1		1	1						
Eight		2	2		2	2						
Nine												
Ten												
Eleven		1	1		1	1						
Twelve												
Subtotals		5	5		5	5						
Sp Ed - Elementary												
Sp Ed - Middle School		1	1									
Sp Ed - High School												
Subtotals		1	1									
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals		6	6		5	5						
Percentage Error									0%			0%

LEP Students

Percentage Error

- 13 -

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg./Spec. Ed - Public Schools	474	474		197	197			
ALL	106	113		65	65			
Transported Non-Public	2	2		2	2			
Special Ed - Special Needs	10	10		8	8			
Totals	592	599		272	272			
Percentage Error								

  

Ave. Mileage - Regular Inc. PK Students	4.1	4.1
Ave. Mileage - Regular Exc. PK Students	4.1	4.1
Ave. Mileage - Special Ed. With Special Needs	10.8	10.8

**EXCESS SURPLUS CALCULATION**

**SECTION 1 - REGULAR DISTRICT**

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

2014-2015 Total General Fund Expenditures per the CAFR "C-1"	\$ <u>15,912,488.52</u> (B)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>0.00</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>0.00</u> (B1b)
Transfer from General Fund to SFR for Pre-K Regular	\$ <u>0.00</u> (B1c)
Transfer from General Fund to SFR for Pre-K Inclusion	\$ <u>0.00</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>977,055.87</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>94,816.20</u> (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-B2s]	<u>14,840,616.45</u> (B3)
2% of Adjusted 2013-2014 General Fund Expenditures [(B3) times .02]	\$ <u>296,812.33</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>296,812.33</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>24,151.00</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>320,963.33</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison schedule/statement)	\$ <u>1,864,740.78</u> (C)
Decreased by:	
Reserve for Encumbrances	\$ <u>276.40</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>182,674.41</u> (C3)
Other Reserved Fund Balances****	\$ <u>914,298.00</u> (C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>193,363.59</u> (C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>574,128.38</u> (U1)
Increased by:	
Adjustment for Disallowed Transfers per S1701	\$ _____ (C6)
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculations (U1+C6)	\$ <u>574,128.38</u> (U2)

**EXCESS SURPLUS CALCULATION**

**SECTION 3**

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0-	\$ <u>253,165.05</u> (E)
<b><u>Recapitulation of Excess Surplus as of June 30, 2015</u></b>	
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>182,674.41</u> (C3)
Reserved Excess Surplus***(E)	\$ <u>253,165.05</u> (E)
Total Excess Surplus [(C3) +(E)]	\$ <u><u>435,839.46</u></u> (D)

**Footnotes:**

\*Allowable adjustment to expenditures on line K must be 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 NJSA 18A:7F-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, for the year ending June 30, 2015, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and 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 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4).

(I) Sale and Leaseback (Refer to audit Program Section II, Chapter 10)

(J1) Extraordinary Aid

(J2) Additional Nonpublic School Transportation Aid

(J3) Recognized current year School Bus Advertising Revenue, and

(J4) Family Crisis Transportation Aid

Notes to auditor: Refer to audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, FamilyCrisis Transportation Aid, and Additional Non public School Transportation Aid

**Detail of Allowable Adjustments**

Impact Aid	\$	(H)
Sale & Lease-back	\$	(I)
Extraordinary Aid	\$	<u>0.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$	<u>24,151.00</u> (J2)
Current year School Bus Advertising Rev. Recognized	\$	<u>0.00</u> (J3)
Family Crisis Transportation Aid	\$	<u>0.00</u> (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$	<u><u>24,151.00</u></u> (K)

\*\* This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2015 CAFR and 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 any 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.

**EXCESS SURPLUS CALCULATION**

**Detail of Other Reserved Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	\$	
Capital Outlay for a district with a capital outlay SGLA	\$	<u>                    </u>
Sale/lease-back reserve	\$	<u>                    </u>
Capital Reserve	\$	<u>679,500.00</u>
Maintenance Reserve	\$	<u>0.00</u>
Tuition Reserve	\$	<u>234,798.00</u>
Emergency Reserve	\$	<u>                    </u>
Waiver Offset reserve	\$	<u>0.00</u>
(Other Reserved Fund Balance not noted above)****	\$	<u>                    </u>
		<u>                    </u>
Total Other Reserved Fund Balance	\$	<u>914,298.00 (C4)</u>
		<u>                    </u>