

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
NEW JERSEY**

AUDITOR'S MANAGEMENT REPORT

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED
JUNE 30, 2019**

PREPARED BY

***SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS***

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
NEW JERSEY**

**AUDITOR'S 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
Borough of Mountain Lakes School District
County of Morris, New Jersey

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 Borough of Mountain Lakes School District in the County of Morris for the year ended June 30, 2019, and have issued our report thereon dated November 6, 2019.

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 Mountain Lakes Board of Education's management and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
November 6, 2019

BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the 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

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
H. Ronald Smith	Interim Business Administrator Interim Board Secretary	\$120,000.00
D. Timothy Roberts	Treasurer of School Monies	300,000.00

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance covering all other employees with multiple coverage of \$100,000.00.

Tuition Charges

Not Applicable.

Financial Planning, Accounting and Reporting

Finding 2019-01:

Condition:

Outstanding checks over one year old are being carried on the bank reconciliations of the following accounts:

General Fund
Net Payroll
Mountain Lakes High School Student Activity

Recommendation:

That management review the reconciliations of the various bank accounts and determine whether outstanding checks over one year old be either reissued or cancelled.

Finding 2019-02:

Condition:

Refunds on current year expenditures are a credit to the applicable expenditure line account. We noted instances in which contractual reimbursements, received from other school districts or the cost of aids provided to students, were recorded as refunds.

Recommendation:

That the District management should review current procedures for the recording of contractual reimbursements.

Examination of Claims

An examination of claims paid during the period under review revealed no discrepancies with respect to signatures, certification or supporting documentation.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Payroll Account and Position Control Roster

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 tested were approved by the Superintendent of Schools and certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the respective agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of each payroll.

The propriety of deductions from individual salaries for Pensions, Social Security, Withholding Tax and other purposes was not verified as part of this examination.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for proper classification of orders as a reserve for encumbrances and accounts payable.

All encumbrances, contracts, salaries and expenditures for state and federally funded projects were in accordance with laws and regulations and in conformity with procurement requirements.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

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 tested 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, a transaction error rate of 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

The financial records, books of accounts and minutes maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

The School District's double entry system of account records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

Treasurer's Records

The Treasurer's records were examined and found to be in agreement with records of the Board Secretary.

Acknowledgment of the Board's receipt of the Treasurer's Report was included in the minutes.

Elementary and Secondary Education Act (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 Titles I and VI of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questioned 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. Expenditures of federal awards did not meet the \$750,000.00 expenditure threshold requiring a federal single audit.

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 indicated that there were no areas of noncompliance and/or questioned costs.

TPAF Reimbursement

Our audit procedures included a test of the bimonthly 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.

TPAF 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(s) 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 reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

School Purchasing Program

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$19,000.00 for 2018 - 2019.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract 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.

The results of our examination indicated that no individual payments, contracts, or agreements were 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*, as 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.

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable or Fixed Price contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

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

The School District did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Student Activity and Athletic Funds

The School Activity Accounts, maintained on the cash basis, encompasses separate accounts for the seven elementary schools, one high school and the athletic accounts. Our review of the student activity fund did not determine any exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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 included as part of 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 2018-2019 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.

Facilities and Capital Assets

Finding 2019-03:

Condition:

The detailed capital asset reports were not available nor were the prior year balances recorded in the general ledger. We updated the prior audit schedule for the additions and disposals of capital assets made during the year.

Recommendation:

That the District should have adequate internal control procedures over its capital assets, including recording the balances in the general ledger and periodic updating of the general ledger for additions and disposals.

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.

The School District did submit the Annual Statement of Assurance to the Department of Education pursuant to N.J.A.C. 6a:26-12.4(g).

Follow-Up on Prior Year's Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior findings.

Miscellaneous

The minutes indicate that the Report on Examination of Accounts for the 2017-2018 fiscal year was reviewed by the Board, a synopsis thereof distributed at a public meeting and public discussion held.

Acknowledgment

We received the complete cooperation of all the officials of the School District and greatly appreciate the courtesies extended to the members of the audit team.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
November 6, 2019

BOARD OF EDUCATION
BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2019

NET CASH RESOURCE SCHEDULE

Net Cash Resources Did Not Exceed Three Months of Expenditures
Proprietary Funds - Food Service
FYE 2019

<u>Net Cash Resources</u>	Food Service B - 4/5	
CAFR *		Current Assets
B-4	\$ 102,591	Cash and Cash Equivalents
B-4		Due from Other Governments
B-4		Accounts Receivable
B-4		Investments
CAFR		Current Liabilities
B-4	\$ (56,443)	Less Accounts Payable
B-4		Less Accruals
B-4		Less Due to Other Funds
B-4		Less Deferred Revenue
	<u>\$ 46,148</u>	Net Cash Resources

(A)

Net Adjustment Total Operating Expense

B-5	\$ 770,806	Total Operating Expense
B-5	<u>(1,579)</u>	Less Depreciation
	<u>\$ 769,227</u>	Adjustment Total Operating Expense

(B)

Average Monthly Operating Expense

\$ 76,923 (C)

Three Times Monthly Average

\$ 230,768 (D)

TOTAL IN BOX A	<u>\$ 46,148</u>
LESS TOTAL IN BOX D	<u>\$ 230,768</u>
NET	<u>\$ (184,621)</u>

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.

D is greater than A, cash does not exceed 3 X average monthly operating expenses.

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

SOURCE: USDA Resource Management Comprehensive Review Form

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAIN LAKES BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						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 per Registers On-Roll		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 Years Old																	
Half Day Preschool 4 Years Old																	
Full Day Kindergarten	49		49					9		9							
One	73		73					13		13							
Two	69		69					12		12							
Three	65		65					12		12							
Four	81		81					14		14							
Five	64		64					11		11							
Six	81		81					14		14							
Seven	85		85					15		15							
Eight	96		96					17		17							
Nine	150		150					27		27							
Ten	140		140					25		25							
Eleven	130		130					23		23							
Twelve	155	1	155	1				27		27							
Sub-Total	<u>1,238</u>	<u>1</u>	<u>1,238</u>	<u>1</u>	-	-		<u>219</u>		<u>219</u>	-	-	-	-	-	-	-
Special Ed - Elementary	94		94					16		16							
Special Ed - Middle	49		49					9		9							
Special Ed - High	106	6	106	6				20	1	20	1						
Sub-Total	<u>249</u>	<u>6</u>	<u>249</u>	<u>6</u>	-	-		<u>45</u>	<u>1</u>	<u>45</u>	<u>1</u>	-	-	-	-	-	-
Totals	<u>1,487</u>	<u>7</u>	<u>1,487</u>	<u>7</u>	-	-		<u>264</u>	<u>1</u>	<u>264</u>	<u>1</u>	-	-	-	-	-	-
Percentage Error					-	-					1	-	-				-

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAIN LAKES BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2018

	Low Income						Sample for Verification						Resident LEP Low Income			Sample for Verification		
	Free Reported on A.S.S.A. as Low Income	Reduced Reported on A.S.S.A. as Low Income	Free Reported on Workpapers as Low Income	Reduced Reported on Workpapers as Low Income	Free Errors	Reduced Errors	Free Sample Selected from Workpapers	Reduced Sample Selected from Workpapers	Free Verified to Application and Register	Reduced Verified to Application and Register	Free Sample Errors	Reduced Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool 3 Years Old																		
Half Day Preschool 4 Years Old																		
Full Day Kindergarten																		
One		1.0		1.0				1.0		1.0								
Two																		
Three																		
Four																		
Five																		
Six																		
Seven																		
Eight																		
Nine																		
Ten		2.0		2.0				1.0		1.0								
Eleven																		
Twelve		1.0		1.0				1.0		1.0								
Sub-Total		4.0		4.0		-	-	3.0		3.0		-	-	-				-
Special Ed - Elementary	25.0	4.0	25.0	4.0			22.0	3.0	22.0	3.0								
Special Ed - Middle	8.0	4.0	8.0	4.0			7.0	2.0	7.0	2.0								
Special Ed - High	14.0	3.0	14.0	3.0			14.0	2.0	14.0	2.0								
Sub-Total	47.0	11.0	47.0	11.0		-	43.0	7.0	43.0	7.0		-	-	-				-
Totals	51.0	11.0	51.0	11.0		-	46.0	7.0	46.0	7.0		-	-	-				-
Percentage Error						-	-					-	-	-				-

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg - Public Schools, col. 1	4.3	4.3		4.3	4.3		4.3	4.3
Reg - Special Education, col. 4	4.3	4.3		4.3	4.3		4.3	4.3
Nonpublic Schools (AIL), col. 3								
Spec. - Special Needs, col. 6	12.2	12.2		12.2	12.2		12.2	12.2
Totals	20.8	20.8		20.8	20.8			
Percentage Error								

Regular Average Mileage = Regular Including Grade PK Students
 Regular Average Mileage = Regular Excluding Grade PK Students
 Special Average = Special Ed with Special Needs

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAIN LAKES BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool 3 Years Old						
Half Day Preschool 4 Years Old						
Full Day Kindergarten						
One						
Two						
Three	2.0	2.0		1.0	1.0	
Four	1.0	1.0		1.0	1.0	
Five	1.0	1.0		1.0	1.0	
Six	1.0	1.0		1.0	1.0	
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve	1.0	1.0		1.0	1.0	
Sub-Total	<u>6.0</u>	<u>6.0</u>	<u>-</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>
Special Ed - Elementary						
Special Ed - Middle						
Sub-Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>6.0</u>	<u>6.0</u>	<u>-</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>

**BOARD OF EDUCATION
MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2019**

**EXCESS SURPLUS CALCULATION
REGULAR DISTRICT**

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>41,498,670.66</u> (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 PreK-Regular	\$ _____ (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ (B1d)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>6,196,812.89</u> (B2a)	
Assets Acquired Under Capital Leases	\$ <u>80,593.31</u> (B2b)	
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>35,221,264.46</u> (B3)	
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>704,425.29</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>704,425.29</u> (B5)	
Increased by: Allowable Adjustment*	\$ <u>140,881.00</u> (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>845,306.29</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-2019 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>3,319,053.74</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>473,226.26</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>259,979.94</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>1,400,062.58</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>240,020.06</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>945,764.90</u> (U1)

**BOARD OF EDUCATION
MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 100,458.61 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>259,979.94</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>100,458.61</u> (E)
 Total Excess Surplus [(C3) + (E)]	 \$ <u>360,438.55</u> (D)

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed 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 N.J.S.A. 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, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 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 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the 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 the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>133,631.00</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>7,250.00</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>140,881.00</u>	(K)

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2019 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted 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 Administration and Finance prior to September 30.

BOARD OF EDUCATION
MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2019

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ <u>1,400,062.58</u>
Maintenance Reserve	\$ _____
Emergency Reserve	\$ _____
Tuition Reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - Current Year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other State/Government Mandated Reserve	\$ _____
Adult Education Program	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>1,400,062.58</u> (C4)

BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2019

Recommendations:

1. Administrative Practices and Procedures

That management review the reconciliations of the various bank accounts and determine whether outstanding checks over one year old be either reissued or cancelled.

That District management should review current procedures for the recording of contractual reimbursements.

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

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

That the District should have adequate internal control procedures over its capital assets, including recording the balances in the general ledger and periodic updating of the general ledger for additions and disposals.

9. Follow-Up on Prior Year's Findings

A review was performed on all prior years' recommendations and corrective action was taken on all.

10. Miscellaneous

None

