

**MOUNTAINSIDE SCHOOL DISTRICT
UNION COUNTY, NEW JERSEY
MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE
June 30, 2021**

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

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

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Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Borough of Mountainside School District
County of Union
Mountainside, 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, County of Union, New Jersey for the year ended June 30, 2021, and have issued our report thereon dated March 14, 2022.

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 solely for the information and use of the Borough of Mountainside Board of Education's management and Board members and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specific parties. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

March 14, 2022
Cranford, New Jersey

A handwritten signature in black ink that reads 'David J. Gannon'.

David J. Gannon
Licensed Public School Accountant, No. 2305

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 ACFR. 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 positions were covered by Surety Bonds:

School Business Administrator/ Board Secretary	450,000.00
Treasurer of School Monies	210,000.00

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

Tuition Charges

The Mountainside Board of Education has entered into an agreement with the Berkeley Heights School District relating to tuition rates. The contract covers the period from the 2017-18 school year through the 2021-22 school year, using the state-certified 2020-21 rate with an annual 2% inflation factor applied to each contract year.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Tuition Charges (Cont'd.)

A comparison of tentative tuition costs and actual certified tuition costs was made. Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the terms of the sending/receiving agreement and utilized estimated student counts that were reflected actual 8th grade populations and historical public high school enrollment percentages for that cohort. Tuition adjustments will still occur, but will be the result of deviations from projected enrollments rather than fluctuations in tuition rates.

The District has established Tuition reserves which will be sufficient to fund any tuition adjustments without the need for any further mutually agreed deferred payment schedules.

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 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. 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.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)

Payroll Account (Cont'd)

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. 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, 2021. 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

The amount of the expenditure charged to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the District for employees being paid from federal funds was made timely. Our review of the reimbursement calculations revealed no exceptions.

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.

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

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.

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 2020-2021 budget was once again favorable. The existing regulatory environment has effectively transformed the budget from a planning document into a legal spending limit. When unforeseen expenses or cost increases occur, management is required to "find" funds in other budget accounts to cover these contingencies and exigencies.

Investment of Idle Funds

During the year ended June 30, 2021, the Board had substantially all of its cash and cash equivalents for all of its funds and accounts in interest bearing depository accounts. Valley National Bank served as the primarily depository of the Board for the entirety of the 2020-2021 fiscal year.

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial and accounting records maintained by the Board Secretary were found to be in good condition.

Capital Assets

During the period under review the capital asset accounting and reporting system was maintained satisfactorily to provide for all the required financial information for the District's basic financial statements. The District engaged an outside consultant to update the full physical inventory and valuation of the District's capital assets that was performed in the prior period. Additions and deletions reported in the consultant's report match financial records maintained by the business office.

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized. Additional federal funding was received for I.D.E.A. Part B Basic and Preschool programs.

Other Special Federal and/or State Projects

The District's did not operate any State Special Projects during the 2020-2021 school year.

The financial exhibits are contained within the Special Revenue section of the ACFR, 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, 2021.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly 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. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotes. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) the board of education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by general delegation of the power to negotiate and award such contracts pursuant to this section."

"b. Commencing in the fifth year after the year in which P.L. 1999. c.440 takes effect, and every five 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. 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."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

SCHOOL PURCHASING PROGRAMS (CONT'D)

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, 2020 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000 for 2020-21.

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. 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.

Contracts and Agreements Requiring Advertisement for Bids

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

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2020-2021, the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records 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 Fixed Price Procurement contract/addendum was reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$1,000. 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.

SCHOOL FOOD SERVICE (CONT'D)

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

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan.

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 number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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 /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted

The Statement of Revenues, Expenses, and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold. Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the ACFR.

Student Activity Funds

The recordkeeping of the various student activities funds were reviewed for the 2020-2021 school year. The records were maintained in good condition.

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

Our audit included a test of information reported in the October 15, 2020 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.

The State Aid Cluster was not tested as a major program for purposes of the State single audit and therefore limited procedures were performed over the A.S.S.A.

Pupil Transportation

Our procedures included a test of on-roll status reported in the October 15, 2020 District Report of Resident Transported 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. The minutes indicate Board of Education approvals of transportation contracts with both public and private providers. No exceptions were noted in our review of transportation related purchases of goods and services.

Transportation Aid was not tested as a major program for purposes of the State single audit and therefore limited procedures were performed over the DRTRS.

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 submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Status of Prior Year Findings:

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

ACKNOWLEDGMENT

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.

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAINSIDE BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	2021-2022 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors		Reported on A.S.S.A. Private Schools	Sample for Veri- fication	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared			
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	12	-	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	75	-	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One	71	-	71	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	80	-	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	72	-	72	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	73	-	73	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	67	-	67	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	64	-	64	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	77	-	77	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	56	-	56	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	<u>647</u>	<u>-</u>	<u>647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	37	-	37	-	-	-	-	-	-	-	-	-	-	2	-	-	-
Special Ed - Middle School	37	-	37	-	-	-	-	-	-	-	-	-	-	2	-	-	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	-
Subtotals	<u>74</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>721</u>	<u>-</u>	<u>721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>											

SCHEDULE OF AUDITED ENROLLMENTS

**MOUNTAINSIDE BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. As Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified to Application And Register	Sample Errors	Reported on A.S.S.A. As Bilingual Education	Reported on Workpapers As Bilingual Education	Sample Errors	Sample Selected from Work papers	Verified to Test Score and Register	Sample Errors
Pre K	-	-	-	-	-	-	-	-	-	-	-	-
Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-
Two	1	1	-	-	-	-	-	-	-	-	-	-
Three	2	2	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-
Five	2	2	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-
Seven	1	1	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	<u>6</u>	<u>6</u>	-	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Sp Ed - Middle School	1	1	-	-	-	-	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	<u>1</u>	<u>1</u>	-	-	-	-	-	-	-	-	-	-
Totals	<u>7</u>	<u>7</u>	-	-	-	-	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>			<u>#DIV/0!</u>			<u>0.00%</u>			<u>0.00%</u>

	<u>Transportation</u>					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	376	376	-	-	-	-
Reg. - Sp. Ed.	49	49	-	-	-	-
Transported - Non-Public	5	5	-	-	-	-
AIL Non-Public	83	83	-	-	-	-
Sepec. Special Needs	13	13	-	-	-	-
Totals	<u>526</u>	<u>526</u>	-	-	-	-
Percentage Error					<u>0.00%</u>	

	<u>Reported</u>	<u>Recalculated</u>
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.4	4.4
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	9.6	9.6
Spec Avg. = Special Ed with Special Needs	9.6	9.6

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAINSIDE BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. As Bilingual Education</u>	<u>Reported on Workpapers As Bilingual Education</u>	<u>Sample Errors</u>	<u>Sample Selected from Work papers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Pre K	-	-	-	-	-	-
Kindergarten	-	-	-	-	-	-
One	-	-	-	-	-	-
Two	1	1	-	-	-	-
Three	-	-	-	-	-	-
Four	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	1	1	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Subtotals	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u><u>2</u></u>	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the ACFR "C-1"	\$ <u>20,159,967</u> (B)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>0</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>0</u> (B1b)
Transfer from General Fund to SRF for Pre-K Regular	\$ <u>0</u> (B1c)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ <u>0</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>2,343,358</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>-</u> (B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-B2s]	<u>17,816,609</u> (B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$ <u>712,664</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>712,664</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>132,713</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>845,377</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2021 (Per ACFR Budgetary Comparison schedule/statement)	\$ <u>2,585,686</u> (C)
Decreased by:	
Reserve for Encumbrances	\$ <u>-</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>375,000</u> (C3)
Other Reserved Fund Balances****	\$ <u>990,309</u> (C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>1,220,377</u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0-	\$	<u>375,000</u>	(E)
<u>Recapitulation of Excess Surplus as of June 30, 2021</u>			
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$	<u>375,000</u>	(C3)
Reserved Excess Surplus***(E)	\$	<u>375,000</u>	(E)
Total Excess Surplus [(C3) +(E)]	\$	<u><u>750,000</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	\$	<u> -</u>	(H)
Sale & Lease-back	\$	<u> -</u>	(I)
Extraordinary Aid	\$	<u> 108,643</u>	(J1)
Additional Nonpublic School Transportation Aid	\$	<u> 24,070</u>	(J2)
Current year School Bus Advertising Rev. Recognized	\$	<u> -</u>	(J3)
Family Crisis Transportation Aid	\$	<u> -</u>	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$	<u> 132,713</u>	(K)

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2021 ACFR 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.

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	<u> -</u>	
Sale/lease-back reserve	\$	<u> -</u>	
Capital Reserve	\$	<u> 430,489</u>	
Maintenance Reserve	\$	<u> 154,423</u>	
Emergency Reserve	\$	<u> -</u>	
Tuition Reserve	\$	<u> 356,317</u>	
School Bus Advertising 50% Fuel Offset Reserve-current year	\$	<u> -</u>	
School Bus Advertising 50% Fuel Offset Reserve-prior year	\$	<u> -</u>	
Impact Aid General Fund Reserve (Sec. 8002 & 8003)	\$	<u> -</u>	
Impact Aid Capital Fund Reserve (Sec. 8007 & 8008)	\$	<u> -</u>	
Other state/government mandated reserve	\$	<u> -</u>	
Reserve for Unemployment	\$	<u> 49,080</u>	
(Other Restricted Fund Balance not noted above)****	\$	<u> -</u>	
Total Other Reserved Fund Balance	\$	<u> 990,309</u>	(C4)

**MOUNTAINSIDE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations
Corrective action has been taken for prior years recommendations