

**BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
UNION COUNTY, NEW JERSEY
MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**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, 2022, and have issued our report thereon dated May 2, 2023.

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

May 2, 2023
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.

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.

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year under audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. The data submitted did include all health benefit plans offered by the district. The School district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

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 2015-16 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 2020-2021 and 2021-2022 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, 2022. 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.

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

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 not prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and the following exception was noted:

Finding 2022-001:

We noted that the payment back to the State of New Jersey for TPAF reimbursement related to federal salary expenditures was not paid timely.

Recommendation:

We suggest that the District implement procedures in order to ensure amounts due back to the State are made in accordance with the time lines communicated by the State.

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.

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

Reserve for Encumbrances, Liability (Current) for Accounts Payable (Cont'd)

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.

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 2021-2022 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.

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.

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

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 2021-2022 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, 2022.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2021 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$20,200 for 2021-2022.

The District 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.

Based on the results of examination, 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*.

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

SCHOOL FOOD SERVICE

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

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). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees 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 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 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 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 exceed three months average expenditures. See other suggestion to management.

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

Student Activity Funds

The recordkeeping of the various student activities funds were reviewed for the 2021-2022 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, 2021 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, 2021 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).

Other Suggestion to Management

Net Cash Resources

Net cash resources did exceed three months average expenditures, which was a result of the COVID-19 pandemic and the Federal Government's decision to offer free lunches to all students at a higher reimbursement rate than previously provided for, and therefore no formal finding and recommendation was included. The District is aware of the condition and will continue to invest in its food service program until the appropriate amount of net cash resources is depleted.

Financial Statement Close Process

Over the past two years the District has experienced turnover in the Business Office and is currently without a permanent business administrator. We suggest that written policies and procedures be reviewed as it relates to the business office's finance function to ensure that those policies and procedures are adequately detailed to ensure operations continue without issue during times of transition.

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, 2021**

	2022-2023 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- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	12	-	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	64	-	64	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One	84	-	84	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	63	-	63	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	77	-	77	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	72	-	72	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	74	-	74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	73	-	73	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	62	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	74	-	74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	655	-	655	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	44	-	44	-	-	-	-	-	-	-	-	-	-	2	-	-	-
Special Ed - Middle School	29	-	29	-	-	-	-	-	-	-	-	-	-	3	-	-	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	-
Subtotals	73	-	73	-	-	-	-	-	-	-	-	-	-	10	-	-	-
Totals	728	-	728	-	-	-	-	-	-	-	-	-	-	10	-	-	-
Percentage Error					0.00%	0.00%											

SCHEDULE OF AUDITED ENROLLMENTS

**MOUNTAINSIDE BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	<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	2	2	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-
Four	3	3	-	-	-	-	-	-	-	-	-	-
Five	3	3	-	-	-	-	-	-	-	-	-	-
Six	1	1	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-
Eight	2	2	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	11	11	-	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary	1	1	-	-	-	-	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotals	1	1	-	-	-	-	-	-	-	-	-	-
Totals	12	12	-	-	-	-	-	-	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	<u>Transportation</u>					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	367	367	-	-	-	-
Reg. - Sp. Ed.	50	50	-	-	-	-
Transported - Non-Public	-	-	-	-	-	-
AIL Non-Public	79	79	-	-	-	-
Sepec. Special Needs	14	14	-	-	-	-
Totals	510	510	-	-	-	-
Percentage Error					0.00%	

	<u>Reported</u>	<u>Recalculated</u>
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.5	4.5
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	7.9	7.9
Spec Avg. = Special Ed with Special Needs	7.9	7.9

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAINSIDE BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	<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	2	2	-	-	-	-
Three	-	-	-	-	-	-
Four	2	2	-	-	-	-
Five	1	1	-	-	-	-
Six	-	-	-	-	-	-
Seven	1	1	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Subtotals	<u>6</u>	<u>6</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>6</u></u>	<u><u>6</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>

SCHEDULE OF MEAL COUNT ACTIVITY

MOUNTAINSIDE SCHOOL DISTRICT
FOOD SERVICE FUND

NUMBER OF MEALS SERVED - FEDERAL
ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Severe Needs Rate)	Paid	-	-	-	-	\$ 0.37	\$ -
National School Lunch (Severe Needs Rate)	Reduced	-	-	-	-	3.28	-
National School Lunch (Severe Needs Rate)	Free	-	-	-	-	3.68	-
	TOTAL	-	-	-			-
National School Lunch	HHFKA - PB Lunch Only	-	-	-	-	\$ 0.07	\$ -
After School Snack	Free	-	-	-	-	\$ 1.00	\$ -
School Breakfast (Regular Rate)	Paid	-	-	-	-	\$ 0.33	\$ -
	Reduced	-	-	-	-	1.67	-
	Free	-	-	-	-	1.97	-
	TOTAL	-	-	-			-
School Breakfast (Severe Need Rate)	Paid	-	-	-	-	\$ 0.33	\$ -
	Reduced	-	-	-	-	2.05	-
	Free	-	-	-	-	2.35	-
	TOTAL	-	-	-			-
Summer Food Service Program	Lunch - Free	61,878	61,878	61,878	-	\$ 4.56	\$ -
	Breakfast - Free	-	-	-	-	2.61	-
	TOTAL	61,878	61,878	61,878			-
Total Net Underclaim/(Overclaim)							\$ -

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.17 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement.

SCHEDULE OF MEAL COUNT ACTIVITY

MOUNTAINSIDE SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	\$ 0.05	\$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	-	-	-	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	61,878	61,878	61,878	-	0.100	<u>-</u>
	TOTAL	<u>61,878.00</u>	<u>61,878.00</u>	<u>61,878.00</u>			

Total Net Underclaim/(Overclaim)

\$ -

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.17 of this Audit Program.
 (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

MOUNTAINSIDE SCHOOL DISTRICT

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2022**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 137,235.00
B-4		Due from Other Gov'ts	24,761.00
B-4		Accounts Receivable	418.00
B-4		Investments	
ACFR		Current Liabilities	
B-4		Less Accounts Payable	(13,650.00)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Unearned Revenue	<u>(9,197.00)</u>
		Net Cash Resources	<u>\$ 139,567.00</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	274,572.00	
B-5	Less Depreciation	<u>(7,046.00)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 267,526.00</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 26,752.60</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 80,257.80</u>	(D)
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TOTAL IN BOX A	\$ 139,567.00
LESS TOTAL IN BOX D	<u>\$ 80,257.80</u>
NET	<u>\$ 59,309.20</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

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the ACFR "C-1"	\$ <u>21,600,330</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>3,057,226</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>-</u> (B2b)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1s)-B2s)]	<u>18,543,104</u> (B3)
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	\$ <u>741,724</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>741,724</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>89,423</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>831,147</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison schedule/statement)	\$ <u>2,799,077</u> (C)
Decreased by:	
Reserve for Encumbrances	\$ <u>41,686</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>1,176,244</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>1,206,147</u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0-
Recapitulation of Excess Surplus as of June 30, 2022 \$ 375,000 (E)

Reserved Excess Surplus-Designated for Subsequent Year's
Expenditures** \$ 375,000 (C3)
Reserved Excess Surplus***(E) \$ 375,000 (E)

Total Excess Surplus [(C3) +(E)] \$ 750,000 (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:

** This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2022 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 Allowable Adjustments

Impact Aid	\$	-	(H)
Sale & Lease-back	\$	-	(I)
Extraordinary Aid	\$	66,513	(J1)
Additional Nonpublic School Transportation Aid	\$	22,910	(J2)
Current year School Bus Advertising Rev. Recognized	\$	-	(J3)
Family Crisis Transportation Aid	\$	-	(J4)
Maintenance of Equity Aid and State Military Impact Aid	\$	-	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$	89,423	(K)

(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

(J5) Maintenance of Equity Aid and State Military Impact Aid received July 2022

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 Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	\$	-
Capital Reserve	\$	570,424
Maintenance Reserve	\$	155,423
Emergency Reserve	\$	-
Tuition Reserve	\$	401,317
School Bus Advertising 50% Fuel Offset Reserve-current year	\$	-
School Bus Advertising 50% Fuel Offset Reserve-prior year	\$	-
Impact Aid General Fund Reserve (Sec. 8002 & 8003)	\$	-
Impact Aid Capital Fund Reserve (Sec. 8007 & 8008)	\$	-
Other state/government mandated reserve	\$	-
Reserve for Unemployment	\$	49,080
(Other Restricted Fund Balance not noted above)****	\$	-
Total Other Reserved Fund Balance	\$	1,176,244 (C4)

**MOUNTAINSIDE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2022-001 - We suggest that the District implement procedures in order to ensure amounts due back to the State are made in accordance with the time lines communicated by the State.

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