MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
NEW JERSEY

AUDITOR’S MANAGEMENT REPORT

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED
JUNE 30, 2025

PREPARED BY

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
NEW JERSEY

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-4543
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
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 Mountain Lakes School District in the County of Morris for the year ended June 30, 2025, and have issued our report thereon dated December 5, 2025.

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.

SAMUEL KLEIN AND COMPANY, LLP, CPA's

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONE

JOSEPH J. FACCONE
Licensed Public School Accountant #194

Newark, New Jersey
December 5, 2025

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 ACFR.

Official Bonds

Name	Position	Amount
James Riley	Business Administrator Board Secretary	$252,000.00
Lisa Palmieri	Treasurer of School Monies	252,000.00

There is a Public Employees' Faithful Performance Blanket Bond with the Utico Mutual Insurance Company covering all other employees in the amount of $100,000.00.

Finding 2025-1:

Condition:

The surety bond for the Treasurer of School Moneys is below the minimum required surety bond per N.J.A.C. 6A:23A-16.4.

Recommendation:

That the surety bond for the Treasurer of School Moneys be increased to agree with the minimum required surety bond per N.J.A.C. 6A:23A-16.4.

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 on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the Chief School Administrator. The school district Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

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 her 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.

Finding 2025-2:

Condition:

One employee was enrolled in health benefits but did not have the employees' share deducted from their payroll.

Recommendation:

That the District establish internal controls to ensure that all employees have the proper deductions withheld from their payroll.

Finding 2025-3:

Condition:

Checks outstanding in excess of twelve months are considered stale and may not be honored by the bank. Periodically, stale dated checks should be reviewed and cancelled or other appropriate action taken. The following checks are outstanding in excess of one year:

Payroll Account #624611691:

Number of Checks	Amount
2	$852.57

Recommendation:

That certain outstanding checks be reviewed and appropriate action taken as to reissuance or cancellation by Board resolution.

Financial Planning, Accounting and Reporting (Continued)

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.

Finding 2025-4:

Condition:

Payments made for the purchase of menstrual products were not recorded under the new budget line item on the District's records. The New Jersey Department of Education has notified Districts on the procedure for recording this payment while recognizing the offsetting State Aid revenue. We recorded this amount through an audit journal entry. This resulted in an overexpenditure of this budget account as reflected in Exhibit C-1.

Recommendation:

That the District establish and maintain the new revenue and expenditure account as required by the New Jersey Department of Education.

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.

Financial Planning, Accounting and Reporting (Continued)

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 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.

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 ACFR.

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 ACFR. This section of the ACFR 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 reimbursements 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

There were no TPAF employee salaries charged to federal award expenditures that would require reimbursement to the State of New Jersey for TPAF Pension or FICA paid on-behalf of the district.

School Purchasing Program

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 is $44,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is $20,200.00 for 2024 - 2025.

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.

School Purchasing Program (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

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 (ACFR 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 four schools and the athletic accounts. During our review of the student activity funds, the following items were noted:

Finding 2025-5:

Condition:

A cash book for receipts and disbursements was not maintained for the High School account, the Scholarship accounts, and the Lake Drive School account.

Recommendation:

That a cash receipts and disbursement book be established and maintained for the High School account, the Scholarship accounts, and the Lake Drive School account.

<u>Student Activity and Athletic Funds</u> (Continued)

Finding 2025-6:

Condition:

A detailed list of high school clubs and their balances were not available for audit review.

Recommendation:

That a detailed list of high school clubs and their balances be available for audit review.

Finding 2025-7:

Condition:

Cash disbursements did not have approving signatures for the High School account, the Briarcliff School account, and the Lake Drive School account.

Recommendation:

That approving signatures should be maintained for cash disbursements for the High School account, the Briarcliff School account, and the Lake Drive School account.

Finding 2025-8:

Condition:

Not all cash receipts were promptly deposited for the Briarcliff School account.

Recommendation:

That all cash receipts should be promptly deposited for the Briarcliff School account.

Finding 2025-9:

Condition:

Checks outstanding in excess of twelve months are considered stale and may not be honored by the bank. Periodically, stale dated checks should be reviewed and cancelled or other appropriate action taken. The following checks are outstanding in excess of one year:

	Number of Checks	Amount
High School Account	1	$ 85.00
Briarcliff School Account	16	2,489.50

Recommendation:

That certain outstanding checks be reviewed and appropriate action taken as to reissuance or cancellation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2024 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 2024-2025 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

Accounting for capital assets is required in order to maintain physical accountability over the assets owned by a school. The accounting system should provide a record of the fixed assets obtained over the years that are still in service and identify the funding source for the purchase of those assets. This provides the ability to prevent, detect and recognize losses of capital assets. The New Jersey Department of Education notified school districts that, effective July 1, 2001, there is a $2,000.00 capitalization threshold for capital assets. This is a policy set for financial reporting and accounting purposes. Schools may use a lower threshold for asset management and insurance purposes.

Finding 2025-10:

Condition:

Although a fixed asset report was prepared as of June 30, 2024, it was not updated for assets acquired or deleted in fiscal year 2025.

Recommendation:

That all fixed asset reports be updated and maintained on a current basis.

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 had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year findings "2025-7" and "2025-8":

That all cash receipts should be promptly deposited. (2024-2)

That approving signatures should be maintained for all cash disbursements. (2024-3)

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.

SAMUEL KLEIN AND COMPANY, LLP, CPA's

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONE

JOSEPH J. FACCONE
Licensed Public School Accountant #194

Newark, New Jersey
December 5, 2025

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAIN LAKES SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	2025-2026 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 as Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool to 3 Years Old	5		5				1		1							
Full Day Preschool to 3 Years Old	11		11				3		3							
Full Day Preschool to 4 Years Old	18		18				4		4							
Full Day Kindergarten	57		57				14		14							
One	62		62				15		15							
Two	61		61				15		15							
Three	55		55				13		13							
Four	67		67				16		16							
Five	67		67				16		16							
Six	72		72				17		17							
Seven	77		77				19		19							
Eight	77		77				19		19							
Nine	121		121				29		29							
Ten	107		107				26		26							
Eleven	107	1	107	1			26		26							
Twelve	117	3	117	3			28	1	28	1						
Sub-Total	1,081	4	1,081	4	-	-	261	1	261	1	-	-	-	-	-	-
Special Ed - Elementary	109		109				21		21				1	1	1	
Special Ed - Middle	43		43				8		8				2	2	2	
Special Ed - High	97	15	97	15			19	3	19	3			5	4	4	
Sub-Total	249	15	249	15	-	-	48	3	48	3	-	-	8	7	7	-
Totals	1,330	19	1,330	19	-	-	309	4	309	4	-	-	8	7	7	-
Percentage Error					-	-					-	-				-

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAIN LAKES SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	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 to 3 Years Old																		
Full Day Preschool to 3 Years Old																		
Full Day Preschool to 4 Years Old																		
Full Day Kindergarten																		
One																		
Two																		
Three																		
Four																		
Five																		
Six																		
Seven																		
Eight																		
Nine																		
Ten																		
Eleven																		
Twelve																		
Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary																		
Special Ed - Middle																		
Special Ed - High																		
Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error					-	-					-	-			-			-

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	55.0	55.0		42.0	42.0	
Reg. - Special Education, col. 4						
Nonpublic Schools (AIL), col. 3	23.0	23.0		17.0	17.0	
Spec. - Special Needs, col. 6	3.0	3.0		2.0	2.0	
Totals	81.0	81.0	-	61.0	61.0	-
Percentage Error			-			-

	Reported	Recalculated
Regular Average Mileage = Regular Including Grade PK Students	4.7	4.7
Regular Average Mileage = Regular Excluding Grade PK Students		
Special Average = Special Ed with Special Needs	19.5	19.5

MOUNTAIN LAKES SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

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

SCHEDULE OF AUDITED ENROLLMENTS

MOUNTAIN LAKES SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

Military Connected Students			
Reported on A.S.S.A. as Military Connected Students	Sample for Verification	Sample Verified	Sample Errors
-	-	-	-

MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2025

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1	$51,058,179.50	(B)		
Increased by:				
Transfer to Food Service Fund	$ 53,619.19	(B1a)		
Transfer from Capital Outlay to Capital Projects Fund	$ -	(B1b)		
Transfer from Capital Reserve to Capital Projects Fund	$ -	(B1c)		
Decreased by:				
On-Behalf TPAF Pension and Social Security	$ 9,957,830.73	(B2a)		
Assets Acquired Under Capital Leases	$ -	(B2b)		
Adjusted 24-25 General Fund Expenditures [(B)+(B1s)-(B2s)]	$41,153,967.96	(B3)		
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$ 823,079.36	(B4)		
Enter Greater of (B4) or $250,000	$ 823,079.36	(B5)		
Increased by: Allowable Adjustment *	$ 109,902.00	(K)		
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]			$ 932,981.36	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-25 (Per ACFR Budgetary Comparison Schedule C-1)	$ 9,080,770.86	(C)		
Decreased by:				
Year Ended Encumbrances	$ 301,927.74	(C1)		
Legally Restricted - Designated for Subsequent Year's Expenditures	$ -	(C2)		
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	$ -	(C3)		
Other Restricted Fund Balances ****	$ 7,845,861.76	(C4)		
Assigned - Fund Balance - Designated for Subsequent Year's Expenditures	$ -	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 932,981.36	(U1)

MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2025

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U2)-(M)] IF NEGATIVE ENTER -0-	$ 0.00	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	$ -	(C3)
Reserved Excess Surplus***[(E)]	$ 0.00	(E)
Total Excess Surplus [(C3) + (E)]	$ 0.00	(D)

Detail of Allowable Adjustments

Impact Aid	$ -	(H)
Sale and Lease-Back	$ -	(I)
Extraordinary Aid	$ 109,902.00	(J1)
Additional Nonpublic School Transportation Aid	$ -	(J2)
Supplemental Stabilization Aid	$ -	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)]	$ 109,902.00	(K)

** This amount represents the June 30, 2025 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2025 ACFR and must agree to Audit Summary 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 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 Finance prior to September 30.

MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS
FISCAL YEAR ENDED JUNE 30, 2025

SECTION 3 **(Continued)**

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	$ -	
Capital outlay for a district with a capital outlay Cap Waiver	$ -	
Sale/lease-back reserve	$ -	
Capital reserve	$ 4,927,473.42	
Maintenance reserve	$ 1,846,000.00	
Tuition reserve	$ 700,000.00	
Unemployment reserve	$ 372,388.34	
Other state/government mandated reserve	$ -	
[Other Restricted Fund Balance not noted above] ****	$ -	
Total Other Restricted Fund Balance	$ 7,845,861.76	(C4)

MOUNTAIN LAKES SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2025

Recommendations:

1. Administrative Practices and Procedures

   That the surety bond for the Treasurer of School Moneys be increased to agree with the minimum required surety bond per N.J.A.C. 6A:23A-16.4.

2. Financial Planning, Accounting and Reporting

   That the District establish internal controls to ensure that all employees have the proper deductions withheld from their payroll.

   That certain outstanding checks be reviewed and appropriate action taken as to reissuance or cancellation by Board resolution.

   That the District establish and maintain the new revenue and expenditure account as required by the New Jersey Department of Education.

3. School Purchasing Program

   None

4. School Food Service

   None

5. Student Activity and Athletic Funds

   That a cash receipts and disbursement book be established and maintained for the High School account, the Scholarship accounts, and the Lake Drive School account.

   That a detailed list of high school clubs and their balances be available for audit review.

   That approving signatures should be maintained for cash disbursements for the High School account, the Briarcliff School account, and the Lake Drive School account.

   That all cash receipts should be promptly deposited for the Briarcliff School account.

   That certain outstanding checks be reviewed and appropriate action taken as to reissuance or cancellation.

6. Application for State School Aid

   None

7. Pupil Transportation

   None

8. Facilities and Capital

   That the fixed asset reports be updated and maintained on a current basis.

Recommendations: (Continued)

9. 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 had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year findings "2025-7" and "2025-8":

   That all cash receipts should be promptly deposited. (2024-2)

   That approving signatures should be maintained for all cash disbursements. (2024-3)