

Date Issued: 6/2005

**FINANCIAL ACCOUNTING FOR  
NEW JERSEY PRIVATE SCHOOLS  
FOR THE DISABLED**

**THE AUDIT PROGRAM  
2004-2005 SCHOOL YEAR**

**NEW JERSEY  
STATE DEPARTMENT OF EDUCATION  
DIVISION OF FINANCE  
P.O. BOX 500  
TRENTON, NEW JERSEY 08625-0500**

**WILLIAM L. LIBRERA, Ed.D  
COMMISSIONER OF EDUCATION**

**RICHARD ROSENBERG  
ASSISTANT COMMISSIONER  
DIVISION OF FINANCE**

**STATE BOARD OF EDUCATION**

ARNOLD G. HYNDMAN ..... President	Warren
DEBRA CASHA..... Vice President	Morris
MARGARET F. BARTLETT.....	Ocean
RONALD K. BUTCHER .....	Gloucester
MAUD DAHME .....	Hunterdon
KATHLEEN A. DIETZ .....	Somerset
ANNE S. DILLMAN .....	Middlesex
JOSEPHINE E. FIGUERAS .....	Union
JOHN A. GRIFFITH .....	Essex
ERNEST P. LEPORE .....	Hudson
THELMA NAPOLEON-SMITH .....	Mercer
EDWARD M. TAYLOR.....	Camden
ROBERTA VAN ANDA.....	Monmouth

William L. Librera, Ed.D., Commissioner  
Secretary, State Board of Education

**FINANCIAL ACCOUNTING FOR  
NEW JERSEY PRIVATE SCHOOLS  
FOR THE DISABLED  
THE AUDIT PROGRAM**

**CONTENTS**

	<b><u>Page</u></b>
I. Digest of the Private Schools for the Disabled Audit Laws	N-1 to N-4
II. Directives to the Private School's Governing Body	N-5 to N-11
Budget	N-5
Bookkeeping Records	N-6
Petty Cash Fund	N-7
Student Body Activity Funds	N-7
Rules of Professional Conduct	N-8
Cooperation With the Auditor	N-9
Hearing on Audit	N-11
III. Private School for the Disabled Bookkeeping	N-12 to N-26
Private Placement Services	N-12
Funds - Restricted and Unrestricted	N-13
Fund Accounting for Non-Profit Organizations	N-14
Modified Fund Accounting for Profit-Making Organizations	N-15
Fixed Asset Accounting	N-16
Cash Receipts Journal	N-18
Cash Disbursements Journal	N-20
General Ledger	N-20
Tuition Ledger	N-22
Fixed Asset Inventory	N-23
New Jersey School Register	N-23
Other Records	N-25
IV. Scope of Funds to be Audited	N-27 to N-28
Scope of Funds to be Audited	N-27
Organizations Under the Auspices of the School	N-27
Fund Raising in Schools by Outside Organizations	N-27
Funds Belonging to Outside Organizations	N-28
Funds of Teacher Organizations and Parent Teacher Units	N-28
Funds Collected by Teachers	N-28

	<u>Page</u>
V. Conducting the Private School Audit	N-29 to N-83
Special Purpose/Component Financial Statements	N-29
School's Governing Body Minute Records	N-30
Budgets	N-31
Revenues and Receipts	N-31
Tuition	N-31
Expenditures	N-32
Non-Allowable Costs	N-36
Statement of Expenditures by Line Item	N-52
Statement of Total Expenditures	N-58
Statement of Percentages for Cost Category Assignments	N-59
Statement of Enrollment	N-61
Statement of Tuition Rate Computation Parts I & II	N-62
Statement of Tuition Rate Computation - Working Capital	N-64
Statement of Tuition Rate Computation - Surcharge	N-66
Statement of Extraordinary Services – Expenditures by Line Item	N-66
Statement of Extraordinary Services – Tuition Rate Computation	N-66
Statement of Billing Adjustment	N-67
Statement of Non-Allowable Costs	N-69
Statement of Food Service	N-70
Statement of Interest/Dividends Earned – Investment of Tuition Funds	N-71
Early Intervention Program	N-72
Revenues, Expenses, Fund Balances and Retained Earnings	N-73
Statement of Accruals and Accounts Payable	N-74
Single Audit Act of 1996	N-74
Balance Sheet	N-76
Reporting Requirements for Non-Profit Organizations	N-76
Notes to Financial Statements	N-77
Recommendations	N-80
Audit Summary Worksheet	N-81
Listing of Common Non-Compliance Errors in 2003-2004	N-81
VI. Sample of Audit Report - Profit	P-1 to P-40
VII. Sample of Audit Report - Nonprofit	NP-1 to NP-47

**APPENDIX A** - N.J.A.C. 6A:23-4.1 through 4.16.

**APPENDIX B** - Chart of Accounts for Private Schools for the Disabled .

**APPENDIX B-1** -Narrative Explanation of the Chart of Accounts for Private Schools.

- APPENDIX C** - Private Schools for the Disabled Financial Report Prescribed by the Department of Education.
- APPENDIX D** - Department of Education Mandated “Tuition Contract” for the Ten Month School Year and the Extended School Year.
- APPENDIX E** - Cost of Meals and Hotel Accommodations.
- APPENDIX F** - Optional Department of Education Prescribed Employee Time Record Format.
- APPENDIX G** - Addresses - County Offices of Education.
- APPENDIX H** - State OMB Circular Letter 04-05 (refer to [www.state.nj.us/treasury/omb](http://www.state.nj.us/treasury/omb)).
- APPENDIX I** - Maximum Salaries for 2004-2005.
- APPENDIX J** - 2004-2005 Tentative Tuition Rates for Private Schools for the Disabled.
- APPENDIX K** - Approval for 2004-2005 Tentative Tuition Rates for Private Schools for the Disabled, Based on Appeal.
- APPENDIX L** - 2004-2005 Tentative Tuition Rates for New Private Schools for the Disabled.
- APPENDIX M** - Private Schools in Session Less Than the Required 180 Days of Instruction.
- APPENDIX N** - Recognized Position Titles.
- APPENDIX O** - Private Schools for the Disabled - Auditor Independence in Accordance with N.J.A.C. 6A:23-4.9(a).
- APPENDIX P** - Prescribed Cost of Ownership Format For Related Party Transactions.
- APPENDIX Q** - Federal OMB Circular A-133 (refer to [www.whitehouse.gov/OMB/grants](http://www.whitehouse.gov/OMB/grants)).
- APPENDIX R** - Private Schools for the Disabled Receiving Child Nutrition Funds for 2004-2005.
- APPENDIX S** - Audit Summary Worksheet.

- APPENDIX T** - T-1 Cost Category Assignments - Calculation of Non-allowable Costs - Excess Administration Percentage.  
T-2 Cost Category Assignments - Calculation of Non-allowable Costs - Deficient Instruction Percentage.  
T-3 Cost Category Assignments - Calculation of Non-allowable Costs - Excess Administration and Deficient Instruction Percentages.

**APPENDIX U** - Prescribed Mileage Format for School-Owned or Leased Vehicles.

The 2004-2005 update to “Financial Accounting for New Jersey Private Schools for the Disabled – The Audit Program” was mailed on June 30, 2005 to the auditors and directors of the private schools for the disabled. This mailing contained only the profit and non-profit schedules to the update. The following updated information for the 2004-2005 Audit Program: 1) audit cover pages, 2) profit school cover pages, opinions and notes to financial statements, 3) non-profit school cover pages, opinions and notes to financial statements, 4) audit narrative, and 5) Appendixes A through U were not mailed.

The above indicated information will be available on the Department of Education’s website at [www.state.nj.us/education](http://www.state.nj.us/education). Under the pull down “Overview of DOE Programs”, click on “Finance.” Under the “Division of Finance” homepage, click on “Private Schools for the Disabled” under the heading “Most Requested Items” which is on the right side of the page. Click on 2004-2005 Update to Financial Accounting for New Jersey Private Schools for the Disabled – The Audit Program. If you would like to order a copy of this update or a complete copy of this manual, please call Publication and Distribution Services at (609) 984-0905.