

Date Issued: 8/2008

**FINANCIAL ACCOUNTING FOR
NEW JERSEY PRIVATE SCHOOLS
FOR STUDENTS WITH DISABILITIES**

**THE AUDIT PROGRAM
2007-2008 SCHOOL YEAR**

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

**LUCILLE E. DAVY
COMMISSIONER OF EDUCATION**

**KATHERINE P. ATTWOOD
ASSISTANT COMMISSIONER
DIVISION OF FINANCE**

STATE BOARD OF EDUCATION

JOSEPHINE E. HERNANDEZ Union
President

ARCELIO APONTEMiddlesex
Vice President

RONALD K. BUTCHER Gloucester

KATHLEEN A. DIETZSomerset

DEBRA ECKERT-CASHA..... Morris

EDITHE FULTONOcean

ERNEST P. LEPORE Hudson

FLORENCE MCGINN.....Hunterdon

KENNETH J. PARKERCamden

DOROTHY STRICKLAND.....Essex

Lucille E. Davy, Commissioner
Secretary, State Board of Education

**FINANCIAL ACCOUNTING FOR
NEW JERSEY PRIVATE SCHOOLS
FOR STUDENTS WITH DISABILITIES
THE AUDIT PROGRAM**

CONTENTS

	<u>Page</u>
I. Digest of the Private Schools for Students with Disabilities Audit Laws	N-1 to N-3
II. Directives to the Private School's Governing Body	N-4 to N-11
Budget	N-4
Bookkeeping Records	N-5
Petty Cash Fund	N-6
Student Body Activity Funds	N-6
Rules of Professional Conduct	N-7
Cooperation With the Auditor	N-8
Hearing on Audit	N-10
III. Private School for Students with Disabilities 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-87
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-55
Statement of Total Expenditures	N-62
Statement of Percentages for Cost Category Assignments	N-63
Statement of Enrollment	N-64
Statement of Tuition Rate Computation Parts I & II	N-66
Statement of Tuition Rate Computation - Working Capital	N-68
Statement of Tuition Rate Computation - Surcharge	N-70
Statement of Extraordinary Services – Expenditures by Line Item	N-71
Statement of Extraordinary Services – Tuition Rate Computation	N-71
Statement of Billing Adjustment	N-72
Statement of Non-Allowable Costs	N-75
Statement of Food Service	N-76
Statement of Interest/Dividends Earned – Investment of Tuition Funds	N-76
Early Intervention Program	N-78
Revenues, Expenses, Fund Balances and Retained Earnings	N-78
Statement of Accruals and Accounts Payable	N-79
State of NJ Single Audit Act	N-80
Balance Sheet	N-81
Reporting Requirements for Non-Profit Organizations	N-81
Notes to Financial Statements	N-82
Recommendations	N-85
Audit Summary Worksheet	N-86
Listing of Common Non-Compliance Errors in 2006-2007	N-86
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 Students with Disabilities.

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

- APPENDIX C** - Private Schools for Students with Disabilities 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).
- APPENDIX I** - Maximum Salaries for 2007-2008.
- APPENDIX J** - 2007-2008 Tentative Tuition Rates for Private Schools for Students with Disabilities.
- APPENDIX K** - Approval for 2007-2008 Tentative Tuition Rates for Private Schools for Students with Disabilities, Based on Appeal.
- APPENDIX L** - 2007-2008 Tentative Tuition Rates for New Private Schools for Students with Disabilities.
- APPENDIX M** - Private Schools in Session Less Than the Required 180 Days of Instruction.
- APPENDIX N** - Recognized Position Titles.
- APPENDIX O** - Private Schools for Students with Disabilities - 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 (<http://gaqc.aicpa.org/Resources/Illustrative+Auditors+Reports/>).
- APPENDIX R** - Private Schools for Students with Disabilities Receiving Child Nutrition Funds for 2007-2008.
- 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.

APPENDIX V - School District Code Listing.

The 2007-2008 complete update to “Financial Accounting for New Jersey Private Schools for Students with Disabilities – The Audit Program” is available on the Department of Education’s website at 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 Students with Disabilities” under the heading “Most Requested Items” which is on the right side of the page. Click on 2007-2008 Update to Financial Accounting for New Jersey Private Schools for Students with Disabilities – The Audit Program.

If you would like to order a complete copy of this manual, please call Publications and Distribution Services at (609) 984-0905.