

Date Issued: 6/2017

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

**THE AUDIT PROGRAM
2016-2017 SCHOOL YEAR**

**NEW JERSEY
STATE DEPARTMENT OF EDUCATION
OFFICE OF SCHOOL FACILITIES & FINANCE
P.O. BOX 500
TRENTON, NEW JERSEY 08625-0500**

**KIMBERLEY HARRINGTON
ACTING COMMISSIONER OF EDUCATION**

**KEVIN DEHMER
ASSISTANT COMMISSIONER / CFO
DIVISION OF FINANCE**

**YUT'SE O. THOMAS
DIRECTOR
OFFICE OF SCHOOL FACILITIES & FINANCE**

STATE BOARD OF EDUCATION

MARK W. BIEDRON..... Hunterdon
President

JOSEPH FISICARO.....Burlington
Vice-President

ARCELIO APONTEMiddlesex

RONALD K. BUTCHER.....Gloucester

JACK FORNARO.....Warren

EDITHE FULTONOcean

ERNEST P. LEPORE.....Hudson

ANDREW J. MULVIHILL.....Sussex

**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-10
Budget	N-5
Bookkeeping Records	N-6
Petty Cash Fund	N-6
Student Body Activity Funds	N-6 to N-7
Rules of Professional Conduct	N-7
Cooperation With the Auditor	N-8 to N-10
Hearing on Audit	N-10
III. Private School for Students with Disabilities Bookkeeping	N-11 to N-24
Private Placement Services	N-11
Funds - Restricted and Unrestricted	N-11 to N-13
Fund Accounting for Non-Profit Organizations	N-13 to N-14
Modified Fund Accounting for Profit-Making Organizations	N-14
Fixed Asset Accounting	N-15 to N-17
Cash Receipts Journal	N-17 to N-18
Cash Disbursements Journal	N-18
General Ledger	N-18 to N-20
Tuition Ledger	N-20
Fixed Asset Inventory	N-20 to N-21
New Jersey School Register	N-21 to N-22
Other Records	N-23 to N-24
IV. Scope of Funds to be Audited	N-25 to N-26
Scope of Funds to be Audited	N-25
Organizations Under the Auspices of the School	N-25
Fund Raising in Schools by Outside Organizations	N-25
Funds Belonging to Outside Organizations	N-26
Funds of Teacher Organizations and Parent Teacher Units	N-26
Funds Collected by Teachers	N-26

Page

V. Conducting the Private School Audit	N-27 to N-84
Special Purpose/Component Financial Statements	N-27 to N-28
School's Governing Body Minute Records	N-28
Budgets	N-29
Revenues and Receipts	N-29
Tuition	N-29 to N-30
Expenditures	N-30 to N-33
Non-Allowable Costs	N-34 to N-52
Statement of Expenditures by Line Item	N-53 to N-58
Statement of Total Expenditures	N-59
Statement of Percentages for Cost Category Assignments	N-59 to N-61
Statement of Enrollment	N-61 to N-62
Statement of Tuition Rate Computation Parts I & II	N-63 to N-65
Statement of Tuition Rate Computation - Working Capital	N-65 to N-67
Statement of Tuition Rate Computation - Surcharge	N-67
Statement of Extraordinary Services – Expenditures by Line Item	N-68
Statement of Extraordinary Services – Tuition Rate Computation	N-68 to N-69
Statement of Billing Adjustment	N-69 to N-71
Statement of Non-Allowable Costs	N-71 to N-72
Statement of Food Service	N-72 to N-74
Statement of Interest/Dividends Earned – Investment of Tuition Funds	N-74 to N-75
Early Intervention Program	N-75 to N-76
Revenues, Expenses, Fund Balances and Retained Earnings	N-76 to N-77
Statement of Accruals and Accounts Payable	N-77
State of NJ Single Audit Act	N-77 to N-78
Balance Sheet	N-78
Reporting Requirements for Non-Profit Organizations	N-79
Notes to Financial Statements	N-79 to N-83
Recommendations	N-83
Audit Summary Worksheet	N-83
Listing of Common Non-Compliance Errors	N-83 to N-84
VI. Sample of Audit Report - Profit	P-1 to P-40
VII. Sample of Audit Report - Nonprofit	NP-1 to NP-48

APPENDIX A - N.J.A.C. 6A:23A- 18.1 through 18.16

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 15-08 (refer to www.state.nj.us/treasury/omb).
- APPENDIX I** - Maximum Salaries for 2016-2017.
- APPENDIX J** - 2016-2017 Tentative Tuition Rates for Private Schools for Students with Disabilities.
- APPENDIX K** - Approval for 2016-2017 Tentative Tuition Rates for Private Schools for Students with Disabilities, Based on Appeal.
- APPENDIX L** - 2016-2017 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:23A-18.9(a).
- APPENDIX P** - Prescribed Cost of Ownership Format For Related Party Transactions.
- APPENDIX Q** - Federal OMB Circular A-133 (refer to http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf).
- APPENDIX R** - Private Schools for Students with Disabilities Participating in the Child Nutrition Program for 2016-2017.
- APPENDIX S** - Private Schools’ Data Collection.

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 2016-2017 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 <http://www.nj.gov/education/finance/fp/psd/audit/>. Click on 2016-2017 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.