

**BOARD OF EDUCATION
PHILLIPSBURG SCHOOL DISTRICT
COUNTY OF WARREN
STATE OF NEW JERSEY**

**REPORT OF ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2016

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Phillipsburg School District
County of Warren, 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 Phillipsburg School District in the County of Warren for the year ended June 30, 2016, and have issued our report thereon dated September 30, 2016.

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 Phillipsburg School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Anthony Ardito'.

Date: September 30, 2016

Licensed Public School Accountant No. 2369
ARDITO & CO., LLP

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, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Staci Horne	Board Secretary/School Business Administrator/Treasurer	\$250,000
Melissa Koehler	Assistant Board Secretary/School Business Administrator	\$25,000
Paula Hatch	Assistant Treasurer of School Moneys	\$200,000
Lisa Fiorentine	Cafeteria Manager	\$200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the School Alliance Insurance Fund covering all other employees with coverage of \$400,000.

Financial Planning, Accounting and Reporting

Examination of Claims

The State purchase order system is fully operational in that purchase orders are issued for the financial transactions of the Board.

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

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 were approved by the Chief School Administrator and were certified by the President of the Board and Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the current fund.

The Board, at present, processes the payroll through an approved off-site computer system.

Reserve for Encumbrances 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. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2f 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:23A-8.3*. As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's/Treasurer's Records

The financial records, books of accounts and minutes maintained by the Secretary were in excellent condition.

The Treasurer's records were examined and were found to be in agreement with the records of the Secretary.

Elementary and Secondary Education Act (E.S.E.A.), Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and VI of the Elementary and Secondary Education Act, as amended.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule A and Schedule B located on pages 11 and 13 of this report.

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 contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district school employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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 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 no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services, with consultation from the Commissioner of Education.

N.J.S.A. 18A:18A-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the board of education may establish that the bid threshold may be up to \$36,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S.A.18A:18A-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

Within the state budgeting structure and general ledger accounting system, payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies are not accumulated by category type. As such, 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 the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions 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.

Within the state budgeting structure and general ledger accounting system, payments are not accumulated for purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that the following purchases were made through the use of State contracts:

General School Supplies
Computers and Related Accessories

School Food Service

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis.

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 vouchers were properly computed and filed timely. No exceptions noted.

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 contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$200,000. The operating results provision has been met.

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 and/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 meal 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.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food 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 non-profit 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. No exceptions were noted.

USDA Food Distribution commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions noted.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Athletic Association

A cash receipts and disbursements records were maintained in very good condition.

All receipts appear to be promptly deposited in the bank.

Payment authorizations, invoices and other supporting data were presented and available for audit.

Receipts and disbursements for Athletic activities are presented on Exhibit H-6 in the Comprehensive Annual Financial Report. Receipts and disbursements are budgeted and expended in the general fund and are presented on Exhibits H-6 for informational purposes only.

Certain expenditures for the operation of Maloney Stadium are included in the General Accounts of the Board of Education and are not reflected in the Statement of Receipts and Disbursements for the Athletic Association.

High School Activities Fund

A cash receipts and disbursements records were maintained in very good condition.

All receipts appear to be promptly deposited in the bank.

Payment authorizations, invoices and other supporting data were presented and available for audit.

Middle School Activities Fund

A cash receipts and disbursements records were maintained in very good condition.

All receipts appear to be promptly deposited in the bank.

Payment authorizations, invoices and other supporting data were presented and available for audit.

School Based Youth Services

A cash receipts and disbursements records were maintained in very good condition.

All receipts appear to be promptly deposited in the bank.

Payment authorizations, invoices and other supporting data were presented and available for audit.

The account was closed October 31, 2016.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 15, 2015, 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 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 procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2015-2016 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.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. All prior year findings were corrected in the current year.

Current Year Recommendations

N/A

Acknowledgement

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

PHILLIPSBURG SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2015

	<u>2016-2017 Application for State School Aid</u>						<u>Sample for Verification</u>				<u>On Roll-Related Services</u>			<u>Private Schools for Handicapped</u>				<u>Private Schools-Related Services</u>					
	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		Sample for Verifi-	Sample Verified	Sample Errors	Reported on A.S.S.A. as Private School	Sample for Verifi-	Sample Verified	Sample Errors	Sample for Verifi-	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared											
Full Day Preschool 3 Yr.	102		102				8		8														
Full Day Preschool 4 Yr.	135		135				11		11														
Full Day Kindergarten	191		191				15		15														
One	241		241				19		19														
Two	166		166				13		13														
Three	180		180				14		14														
Four	160		160				13		13														
Five	162		162				13		13														
Six	135		135				11		11														
Seven	138		138				11		11														
Eight	147		147				12		12														
Nine	343		343				27		27														
Ten	359		359				29		29														
Eleven	381		381				30		30														
Twelve	334		334				27		27														
Subtotal	3,174	0	3,174	0	0	0	253	0	253	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sp. Ed. - Elementary	207		207				17		17														
Sp. Ed. - Middle School	144		144				11		11						2		2	2					
Sp. Ed. - High School	222	2	222	2			18		18						7		7	7					
Subtotal	573	2	573	2	0	0	46	0	46	0	0	0	0	0	9	0	9	9	0	0	0	0	0
Totals	3,747	2	3,747	2	0	0	299	0	299	0	0	0	0	0	9	0	9	9	0	0	0	0	0
Percentage Error					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	<u>0.00%</u>			<u>0.00%</u>				<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>

PHILLIPSBURG SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Low Income</u>		<u>Sample for Verification</u>				<u>Bilingual Education</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	Errors	Sample Selected from Workpapers	Verified to Test Score and Register
Full Day Kindergarten	136	136		21	21	Bilingual Students	0	0	0	0	0	0
One	194	194		30	30							
Two	121	121		19	19	Percentage Error			0.00%			0.00%
Three	137	137		21	21							
Four	110	110		17	17							
Five	116	116		18	18							
Six	90	90		14	14							
Seven	104	104		16	16							
Eight	94	94		15	15							
Nine	76	76		12	12							
Ten	91	91		14	14							
Eleven	71	71		11	11							
Twelve	76	76		12	12							
Sp. Ed. - Elementary	174	174		27	27							
Sp. Ed. - Middle School	112	112		17	17							
Sp. Ed. - High School	101	101		16	16							
Totals	1,803	1,803	0	279	279							
Percentage Error			0.00%									0.00%

	<u>Transportation</u>					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg.-Public Schools	113	113		77	77	
Transported-Non-Public	0	0		0	0	
Special Needs-Public	0	0		0	0	
Totals	113	113	0	77	77	0
Percentage Error						0.00%

Phillipsburg School District

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2015	Carryover/ Walkover/ Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2016			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Impact Aid	84.041		N/A	23,977	7/1/15	6/30/16			\$ 23,977	\$ (23,977)						\$ 23,977
Medical Assistance Aid	93.778	1605NJ5MAP	N/A	175,694	7/1/15	6/30/16			175,694	(175,694)						175,694
Total General Fund							-	-	199,671	(199,671)	-	-	-	-	-	199,671
U.S. Department of Education																
Passed -through State Department of Education:																
Special Revenue Fund:																
TITLE I	84.010A	S010A150030	NCLB-1785	1,145,947	7/1/15	6/30/16			241,165	(1,139,556)		\$ (904,782)	\$ 6,391			1,139,556
TITLE I	84.010A	S010A150030	NCLB-1785	1,149,707	7/1/14	6/30/15	\$ (773,798)		789,375	(15,577)						1,149,707
Title I Part A Cluster							(773,798)	-	1,030,540	(1,155,133)	-	-	(904,782)	6,391	-	2,289,263
TITLE II (A)	84.367A	S367A150029	NCLB-1785	155,752	7/1/15	6/30/16			47,396	(63,621)			(108,356)	92,131		63,621
TITLE II (A)	84.367A	S367A150029	NCLB-1785	155,388	7/1/14	6/30/15	(7,467)		107,684	(100,217)						155,388
Total Title II A							(7,467)	-	155,080	(163,838)	-	-	(108,356)	92,131	-	219,009
TITLE II (D)	84.318X		NCLB-1785	2,396	9/1/10	8/31/11	1,239							1,239		1,157
Total Title II D							1,239	-	-	-	-	-	-	1,239	-	1,157
TITLE III	84.365	S365A150030	NCLB-1785	26,613	7/1/15	6/30/16				(15,924)			(26,613)	10,689		15,924
TITLE III	84.365	S365A150030	NCLB-1785	27,873	7/1/14	6/30/15	(15,216)		17,222	(3,109)			(1,103)			27,873
Total Title III							(15,216)	-	17,222	(19,033)	-	-	(27,716)	10,689	-	43,797
TITLE III Immigrant	84.365	S365A150030	NCLB-1785	14,313	9/1/11	8/31/12	799							799		13,514
Vocational - Secondary	84.048A	V048A140030	PERK410016	36,142	7/1/15	6/30/16			8,291	(3,074)			(27,851)	33,068		3,074
Vocational - Secondary	84.048A	V048A140030	PERK410015	45,963	7/1/14	6/30/15	3,641		28,484	(32,125)			-			45,963
Total Vocational							3,641	-	36,775	(35,199)	-	-	(27,851)	33,068	-	49,037
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT4100	955,720	7/1/15	6/30/16			504,053	(948,361)			(451,667)	7,359		948,361
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT4100	907,026	7/1/14	6/30/15	61,119			(61,119)						907,026
I.D.E.A. Part B, Preschool	84.173A	H173A150114	FT4100	17,532	7/1/15	6/30/16							(17,532)	17,532		
I.D.E.A. Part B, Preschool	84.173A	H173A150114	FT4100	16,306	7/1/14	6/30/15	3,309			(3,309)						16,306
Special Education Cluster							64,428	-	504,053	(1,012,789)	-	-	(469,199)	24,891	-	1,871,693
U.S. Department of Ed. 21st Century	84.287C	S287C150030	11000059	250,000	9/1/15	8/31/16			243,313				(6,687)	250,000		236,431
U.S. Department of Ed. 21st Century	84.287C	S287C150030	11000059	250,000	9/1/14	8/31/15	245,022		4,978	(236,431)				13,569		236,431
U.S. Department of Ed. 21st Century	84.287C	S287C150030	11000059	300,000	9/1/13	8/31/14	35,510			(35,510)						300,000
Total 21st Century							280,532	-	248,291	(271,941)	-	-	(6,687)	263,569	-	536,431

CONTINUED

Phillipsburg School District

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2015	Carryover/ Walkover/ Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2016			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Labor																
Passed-through State Department of Labor																
Special Revenue Fund:																
Morris County Freeholders:																
Workforce Investment Act-Youth Program	17.259		014107	141,534	7/1/15	6/30/16							(141,534)	141,534		
Workforce Investment Act-Youth Program	17.259		014107	128,804	7/1/14	6/30/15	22,946		80,689	(18,337)			(25,169)	110,467		18,337
Workforce Investment Act-Youth Program	17.259		014107	106,000	7/1/13	6/30/14	98,252		7,748	(106,000)						106,000
Workforce Investment Act-Youth Program	17.259		014107	106,000	7/1/12	6/30/13	469			(469)						106,000
Total Workforce Investment Act							121,667	-	88,437	(124,806)	-	-	(166,703)	252,001	-	230,337
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Race to the Top - Phase 3	84.395		N/A	84,340	9/1/11	11/30/15	(15,000)		15,103					103		84,237
Total Race to the Top							(15,000)	-	15,103	-	-	-	-	103	-	84,237
Total Special Revenue Fund							(339,175)	-	2,095,501	(2,782,739)	-	-	(1,711,294)	684,881	-	5,338,475
U.S. Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster:																
Food Distribution Program	10.555	16161NJ304N1099	N/A		7/1/14	6/30/15	5,862			(5,862)						5,862
Food Distribution Program	10.555	16161NJ304N1099	N/A	62,362	7/1/15	6/30/16			62,362	(54,868)				7,494		54,868
School Breakfast Program	10.553	16161NJ304N1099	N/A		7/1/14	6/30/15	(64,398)			64,398						
School Breakfast Program	10.553	16161NJ304N1099	N/A	391,245	7/1/15	6/30/16			367,735	(391,245)			(23,510)			391,245
National School Lunch Program	10.555	16161NJ304N1099	N/A		7/1/14	6/30/15	(135,880)		135,880							
National School Lunch Program	10.555	16161NJ304N1099	N/A	881,768	7/1/15	6/30/16			844,535	(881,768)			(37,233)			881,768
Total Child Nutrition Cluster							(194,416)	-	1,474,910	(1,333,743)	-	-	(60,743)	7,494	-	1,333,743
After School Snacks Area Eligible	10.558	16161NJ304N2020	N/A		7/1/14	6/30/15	(1,770)		1,770							
After School Snacks Area Eligible	10.558	16161NJ304N2020	N/A	11,689	7/1/15	6/30/16			10,508	(11,689)			(1,181)			11,689
Total After School Snacks							(1,770)	-	12,278	(11,689)	-	-	(1,181)	-	-	11,689
Total Enterprise Fund							(196,186)	-	1,487,188	(1,345,432)	-	-	(61,924)	7,494	-	1,345,432
TOTAL FEDERAL ASSISTANCE							\$ (535,361)	-	\$ 3,782,360	\$ (4,327,842)	-	-	\$ (1,773,218)	\$ 692,375	-	\$ 6,883,578

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

Phillipsburg School District

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2016

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2015	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2016			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 25,057,290			\$ 25,057,290	\$ (25,057,290)							\$ 2,489,809	\$ 25,057,290
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	188,706			188,706	(188,706)							18,751	188,706
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	1,371,130			1,371,130	(1,371,130)							136,242	1,371,130
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	9,997,105			9,997,105	(9,997,105)							993,359	9,997,105
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	769,147			769,147	(769,147)							76,426	769,147
School Choice Aid	16-495-034-5120-084	7/1/15-6/30/16	9,314			9,314	(9,314)							925	9,314
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	24,360			24,360	(24,360)							2,420	24,360
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	24,360			24,360	(24,360)							2,421	24,360
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	393,828				(393,828)			\$ (393,828)					393,828
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	354,075	\$ (354,075)		354,075									354,075
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	1,566	(1,566)		1,566									1,566
On-Behalf TPAF Pension	16-495-034-5094-002	7/1/15-6/30/16	2,258,452			2,258,452	(2,258,452)								2,258,452
On Behalf TPAF Pension PMR	16-495-034-5094-001	7/1/15-6/30/16	2,823,150			2,823,150	(2,823,150)								2,823,150
On Behalf TPAF Pension Non-Contrib Ins	16-495-034-5094-004	7/1/15-6/30/16	112,502			112,502	(112,502)								112,502
Reimbursed TPAF Soc. Secur. Contrib.	16-495-034-5094-003	7/1/15-6/30/16	2,257,386	(113,416)		2,370,802	(2,257,386)								2,257,386
Total General Fund				(469,057)		45,361,959	(45,286,730)				(393,828)			3,720,353	45,642,371
Special Revenue Fund:															
Pre-School Education Aid	16-495-034-5120-086	7/1/15-6/30/16	4,471,549	1,367,558		4,471,549	(5,839,107)							447,155	5,839,107
N.J. Nonpublic Aid:															
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	9,193	6,482		9,193	(9,118)		\$ (6,482)			\$ 75			9,118
Auxiliary Services:															
Compensatory Education	16-100-034-512a-067	7/1/15-6/30/16	27,919	11,847		27,919	(16,138)					11,781			16,138
Transportation	16-100-034-5120-068	7/1/15-6/30/16	2,294	-		2,294	(2,294)					-			2,294
Handicapped Services:															
Examination and Classification	16-100-034-512b-066	7/1/15-6/30/16	9,210	4,325		9,210	-		(4,325)			-	9,210		
Supplemental Instruction	16-100-034-512c-066	7/1/15-6/30/16	8,168			8,168	(8,069)					-	99		8,069
Corrective Speech	16-100-034-512a-066	7/1/15-6/30/16	4,180			4,180	-					-	4,180		
Corrective Speech	15-100-034-512a-066	7/1/14-6/30/15	6,185	6,185			-					-	6,185		
Nursing Services Aid	16-100-034-5120-070	7/1/15-6/30/16	17,820	-		17,820	(17,820)					-			17,820
Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	4,186			4,186	(4,186)					-			4,186
Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	5,568	296			-					-	296		
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	4,950			4,950	(4,950)					-			4,950
Character Ed	N/A	7/1/05-6/30/06		45			-					\$ 45			
N.J. Math Science Partnership	N/A	7/1/03-6/30/04		2,424			-					2,424			
N.J. Math Science Partnership	N/A	7/1/04-6/30/05		5,635			-					5,635			
Total Special Revenue Fund-Dept of Education				1,404,797		4,559,469	(5,901,682)		(22,654)			8,104	31,826	447,155	5,901,682
STATE DEPARTMENT OF CHILDREN AND FAMILIES															
Special Revenue Fund:															
School Based Youth Services	16BCWP	7/1/15-6/30/16	513,706			513,706	(418,190)					95,516			418,190
School Based Youth Services	15BCWP	7/1/14-6/30/15	513,706	201,263			(201,263)					-			513,706
Sch. Ba. Youth Svc-Jobs & More-Case Svcs	09WC7N	7/1/08-6/30/09	20,000	8,014			-					8,014			11,986
Total Special Revenue Fund-Dept of Human Services				209,277		513,706	(619,453)					103,530			943,882
STATE DEPARTMENT OF AGRICULTURE															
Special Revenue Fund:															
Curriculum for Agricultural Science Ed. (CASE)	N/A	7/1/13-6/30/14	5,000	2,000			-					2,000			3,000
Total Special Revenue Fund-Dept of Agriculture				2,000								2,000			3,000
Total Special Revenue Fund				1,616,074		5,073,175	(6,521,135)		(22,654)			113,634	31,826	447,155	6,848,564
STATE DEPARTMENT OF AGRICULTURE															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	15-100-010-3350-023	7/1/14-6/30/15		(2,892)		2,892	(18,309)					(749)			18,309
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16	18,309			17,560	(18,309)					(749)			18,309
Total Enterprise Fund				(2,892)		20,452	(18,309)					(749)			18,309
TOTAL STATE FINANCIAL ASSISTANCE				\$ 1,144,125		\$ 50,455,586	\$ (51,826,174)		\$ (22,654)	\$ (394,577)	\$ 113,634	\$ 31,826	\$ 4,167,508	\$ 52,509,244	

Less: On-behalf TPAF Pension Amounts 5,194,104

Total State Expenditures Subject to Major Program Determination \$ (46,632,070)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2016

SECTION 1

Calculation A: 2% Excess Surplus:

2015-2016 Total General Fund Expenditures Reported on Exhibit C-1	\$ <u>66,218,443</u>	(A)
Add: Transfer from Capital Reserve to Capital Projects	\$ _____	(A1a)
Add: Transfer from Gen. Fund to SRF for Preschool - Regular	\$ <u>319,400</u>	(A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>609,991</u>	(A1b)
2015-2016 Adjusted General Fund & Other State Expenditures [(A)-(A1)]		\$ <u>65,927,852</u> (A2)
Decreased by:		
On-Behalf TPAF Pension & Social Security		\$ <u>(7,451,490)</u> (A3)
Assets Acquired Under Capital Leases: General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$ _____	(A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired under Capital Leases: Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	\$ _____	(A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	\$ _____	(A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	\$ _____	(A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]		\$ _____ (A8)
2015-2016 General Fund Expenditures [(A2)-(A3)-(A8)]		\$ <u>58,476,362</u> (A9)
2% of Adjusted 2015-2016 General Fund Expenditures [(A9) times .02]		\$ <u>1,169,527</u> (A10)
Enter Greater of (A10) or \$250,000		\$ <u>1,169,527</u> (A11)
Increased by: Allowable Adjustment *		\$ <u>197,805</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(A11)+(K)]		\$ <u>1,367,332</u> (M)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2016

SECTION 2

Total General Fund – Fund Balances at June 30, 2016	\$ <u>18,684,081</u>	(C)
Decreased by:		
Year End Encumbrances	\$ <u>(155,896)</u>	(C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expen	\$ <u>(337,559)</u>	(C3)
Other Reserved Fund Balances****	\$ <u>(15,368,468)</u>	(C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year’s Expe	\$ <u>(670,941)</u>	(C5)
 Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>2,151,217</u>	 (U)

SECTION 3

Reserved Fund balance – Excess Surplus ***[(U)-(M)] IF NEGATIVE NONE REQUIRED	\$ <u>783,885</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ <u>337,559</u>	(C3)
Reserved Excess Surplus *** [(E)]	\$ <u>783,885</u>	(E)
Total [(C3) + (E)]	\$ <u>1,121,444</u>	(D)

Detail of Allowable Adjustments

Impact Aid	\$ <u>3,977</u>	(H)
Sale & Lease-back	\$ <u>-</u>	(I)
Extraordinary Aid	\$ <u>193,828</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>-</u>	(J2)
Higher Expectations for Learning and Proficiency Aid	\$ <u>-</u>	(J3)
 Total Adjustments (H)+(I)+(J1)+(J2)+(J3)	 \$ <u>197,805</u>	 (K)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2016

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Capital outlay for a school district with a capital outlay SGLA	\$	-
Sale/lease-back reserve	\$	-
Capital reserve (N-1)	\$	12,168,468
Maintenance reserve (N-2)	\$	700,000
Tuition reserve (N-3)	\$	2,500,000
Other Reserved Fund Balance not noted above *****	\$	-
Total Other Restricted Fund Balance	\$	<u>15,368,468</u> (C4)