

**BOARD OF EDUCATION**

**POHATCONG TOWNSHIP 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  
Pohatcong Township 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 Pohatcong Township School District in the County of Warren for the year ended June 30, 2016, and have issued our report thereon dated August 31, 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 Pohatcong Township 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: August 31, 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>
Cindy Hanics	Treasurer of School Moneys	<b>\$175,000</b>

There is Public Employees' Faithful Performance Blanket Position Bond with the School Alliance Insurance Fund covering all other employees with coverage of \$100,000.

**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 10 and 11 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.

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 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.8A: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 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 break even. 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.

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

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

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

### **Student Body Activities**

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.

### **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. No exceptions were noted in our review of transportation related purchases of goods and services.



## **Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. Based on our review, the District complied with these procedures.

## **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.

## **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.

Pohatcong Township 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- cation	Sample Verified	Sample Errors	Reported on A.S.S.A. as Private School	Sample for Verifi- cation	Sample Verified	Sample Errors	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared											
Full Day Kindergarten	23		23				11		11														
One	29		29				14		14														
Two	32		32				15		15														
Three	30		30				14		14														
Four	35		35				17		17														
Five	31		31				15		15														
Six	32		32				15		15														
Seven	35		35				17		17														
Eight	29		29				14		14														
<b>Subtotal</b>	<b>276</b>	<b>0</b>	<b>276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>132</b>	<b>0</b>	<b>132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Sp. Ed. - Elementary	12		12				6		6						1		1	1					
Sp. Ed. - Middle	13		13				6		6														
Sp. Ed. - High School																							
<b>Subtotal</b>	<b>25</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>301</b>	<b>0</b>	<b>301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>144</b>	<b>0</b>	<b>144</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>	

Pohatcong Township 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 <u>Income</u>	Reported on Workpapers as Low <u>Income</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Application and <u>Register</u>	<u>Sample Errors</u>	Reported on A.S.S.A. as Bilingual <u>Education</u>	Reported on Workpapers as Bilingual <u>Education</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Test Score and <u>Register</u>	<u>Sample Errors</u>
							Bilingual Students	0	0	0	0	0
Full Day Kindergarten	2	2		2	2		Percentage Error		<u>0.00%</u>			<u>0.00%</u>
One	3	3		3	3							
Two	8	8		8	8							
Three	6	6		6	6							
Four	2	2		2	2							
Five	6	6		6	6							
Six	7	7		7	7							
Seven	8	8		8	8							
Eight	3	3		3	3							
Sp. Ed. - Elementary	6	6		6	6							
Sp. Ed. - Middle	4	4		4	4							
<b>Totals</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>55</b>	<b>55</b>	<b>0</b>						
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						

	<u>Transportation</u>					
	Reported on DRTRS by <u>DOE</u>	Reported on DRTRS by <u>District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg.-Public Schools	272	277		144	144	
Transported-Non-Public	7	4		2	2	
Special Needs-Public	10	8		4	4	
<b>Totals</b>	<b>289</b>	<b>289</b>	<b>0</b>	<b>150</b>	<b>150</b>	<b>0</b>
Percentage Error						<u>0.00%</u>

Pohatcong Township 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	Repayment of Prior Years' Balances	Balance at June 30, 2016			Cumulative Total Expenditures
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>State Department of Education:</b>															
<b>Special Revenue Fund:</b>															
TITLE I	84.010	S010A150030	NCLB-1785-16	\$ 47,103	7/1/15	6/30/16			\$ 47,103	\$ (47,103)		-	-		\$ 47,103
TITLE I I (A)	84.367	S367B150027	NCLB-1785-16	14,026	7/1/15	6/30/16			11,586	(14,026)		(2,440)			14,026
Total No Child Left Behind							-	-	58,689	(61,129)	-	(2,440)	-	-	61,129
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT-1785-16	90,972	7/1/15	6/30/16			90,972	(90,972)		-			90,972
I.D.E.A. Part B, Preschool	84.173	H173A150114	FT-1785-16	2,671	7/1/15	6/30/16			2,671	(2,671)		-			2,671
Total Special Education Cluster							-		93,643	(93,643)		-	-		93,643
Race to the Top - Phase 3	84.413A	B413A120008	N/A	3,210	9/1/11	11/30/15	(10)					\$ (10)			3,210
Total Race to the Top							(10)					(10)	-	-	3,210
Rural Education Achievement Program	84.358A	S358B150030	S358A156824	23,016	7/1/15	6/30/16	-		23,016	(23,016)		-			23,016
Total REAP							-		23,016	(23,016)		-	-	-	23,016
<b>Total Special Revenue Fund</b>							<b>(10)</b>	<b>-</b>	<b>175,348</b>	<b>(177,788)</b>	<b>-</b>	<b>(2,450)</b>	<b>-</b>	<b>-</b>	<b>180,998</b>
<b>Enterprise Fund:</b>															
Child Nutrition Cluster:															
National School Lunch Program (Food Distribution)	10.555	1616NJ304N1099	N/A		7/1/14	6/30/15	785			(785)					785
National School Lunch Program (Food Distribution)	10.555	1616NJ304N1099	N/A	8,404	7/1/15	6/30/16			8,404	(5,726)			2,678		5,726
School Breakfast Program	10.553	1616NJ304N1099	N/A		7/1/14	6/30/15	(192)		192						
School Breakfast Program	10.553	1616NJ304N1099	N/A	3,042	7/1/15	6/30/16			2,807	(3,042)		(235)			3,042
National School Lunch Program	10.555	1616NJ304N1099	N/A		7/1/14	6/30/15	(1,320)		1,320						
National School Lunch Program	10.555	1616NJ304N1099	N/A	27,741	7/1/15	6/30/16			26,365	(27,741)		(1,376)			27,741
<b>Total Enterprise Fund</b>							<b>(727)</b>		<b>39,088</b>	<b>(37,294)</b>	<b>-</b>	<b>(1,611)</b>	<b>2,678</b>		<b>37,294</b>
<b>TOTAL FEDERAL ASSISTANCE</b>							<b>\$ (737)</b>		<b>\$ 214,436</b>	<b>\$ (215,082)</b>	<b>-</b>	<b>\$ (4,061)</b>	<b>\$ 2,678</b>		<b>\$ 218,292</b>

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

**Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.**

Pohatcong Township 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.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>STATE DEPARTMENT OF EDUCATION</b>															
<b>General Fund:</b>															
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 1,431,183			\$ 1,431,183	\$ (1,431,183)							\$ 140,266	\$ 1,431,183
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	36,072			36,072	(36,072)							3,535	36,072
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	266,183			266,183	(266,183)							26,088	266,183
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	34,060			34,060	(34,060)							3,338	34,060
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	4,730			4,730	(4,730)							464	4,730
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,730			4,730	(4,730)							464	4,730
Extra-ordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	6,878	\$ (6,878)		6,878									
Extra-ordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	14,539				(14,539)			\$ (14,539)					14,539
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	136	(136)		136									
Non-Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	174				(174)			(174)					174
On Behalf TPAF Pension	16-495-034-5094-002	7/1/15-6/30/16	192,189			192,189	(192,189)								192,189
On Behalf TPAF Pension PMR	16-495-034-5094-001	7/1/15-6/30/16	240,242			240,242	(240,242)								240,242
On Behalf TPAF Pension Non-Contrib Ins	16-495-034-5094-004	7/1/15-6/30/16	9,574			9,574	(9,574)								9,574
Reimbursed TPAF Soc. Secur. Contrib.	16-495-034-5094-003	7/1/15-6/30/16	169,887	(9,147)		170,857	(169,887)			(8,177)					169,887
<b>Total General Fund</b>				<u>(16,161)</u>		<u>2,396,834</u>	<u>(2,403,563)</u>	<u>-</u>	<u>-</u>	<u>(22,890)</u>				<u>174,155</u>	<u>2,403,563</u>
<b>Capital Projects Fund:</b>															
SDA Grant - Entrance Renovation/Security	4200-040-14-G2TV	7/1/15-6/30/16	30,106			30,106	(30,106)								30,106
<b>Debt Service Fund:</b>															
Debt Service Aid Type 2	16-100-034-5120-125	7/1/15-6/30/16	169,195			169,195	(169,195)								169,195
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	15-100-010-3350-023	7/1/14-6/30/15		(45)		45									
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16	1,000			951	(1,000)			(49)					1,000
<b>Total Enterprise Fund</b>				<u>(45)</u>		<u>996</u>	<u>(1,000)</u>			<u>(49)</u>					<u>1,000</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>\$ (16,206)</u>		<u>- \$ 2,597,131</u>	<u>\$ (2,603,864)</u>	<u>-</u>	<u>-</u>	<u>\$ (22,939)</u>				<u>\$ 174,155</u>	<u>\$ 2,603,864</u>

Less: On-behalf TPAF Pension Amounts 442,005

Total State Expenditures Subject to Major Program Determination \$ (2,161,859)

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

**Pohatcong Township School District**  
**ANALYSIS OF EXCESS SURPLUS CALCULATION**  
**June 30, 2016**

**THE CALCULATION OF THE 2% EXCESS AT JUNE 30, 2016 IS AS FOLLOWS :**

<b>SECTION 1</b>			
	2015-2016 GENERAL FUND EXPENDITURES(per the CAFR)		
B	TOTAL	\$ 7,764,037	
	<b>INCREASED BY:</b>		
B1A	TRANSFER TO FOOD SERVICE FUND		
B1B	TRANSFER FROM CAPITAL OUTLAY TO CAPITAL PROJECTS FUND		
B1C	TRANSFER FROM CAPITAL RESERVE TO CAPITAL PROJECTS FUND		
	<b>DECREASED BY:</b>		
B2a	ON-BEHALF TPAF PENSION, PRM & SOCIAL SECURITY	(611,892)	
B2b	ASSETS ACQUIRED UNDER CAPITAL LEASES		
B2C	ADJUSTMENT FOR DISALLOWED EXPENDITURES PER S1701	<u>-</u>	
B3	ADJUSTED 2015-2016 GENERAL FUND EXPENDITURES		<u>\$ 7,152,145</u>
B4	GREATER OF .02 OF EXPENDITURES OR \$250,000		\$ 250,000
K	INCREASED BY: ALLOWABLE ADJUSTMENT		<u>14,713</u>
M	<b>MAXIMUM UNRESERVED/UNDESIGNATED FUND BALANCE</b>		<b>3.70%</b> <u>\$ 264,713</u>
C	GENERAL FUND FREE BALANCE AT 6-30-2016 (per CAFR Budgetary Comparison Schedule C-1)		\$ 1,775,131
	<b>DECREASED BY:</b>		
C1	YEAR END ENCUMBRANCES		(66,695)
C2	LEGALLY RESTRICTED - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES		
C3	LEGALLY RESTRICTED - EXCESS SURPLUS - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES		(357,643)
C4	OTHER RESERVED FUND BALANCES		(499,087)
C5	ASSIGNED FUND BALANCE - UNRESERVED - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES		<u>(7,013)</u>
U1	<b>TOTAL UNASSIGNED FUND BALANCE</b>		<b>11.81%</b> \$ 844,693
	<b>INCREASED BY:</b>		
C6	ADJUSTMENT FOR DISALLOWED TRANSFERS PER S1701		<u>-</u>
U2	<b>TOTAL UNRESERVED/UNDESIGNATED FUND BALANCE FOR EXCESS SURPLUS CALCULATION</b>		<u>\$ 844,693</u>
E	<b>EXCESS SURPLUS-RESERVED FUND BALANCE</b>		<u>\$ 579,980</u>
	(IF NEGATIVE, NO ADDITIONAL RESERVED AMOUNT)		

**Pohatcong Township School District**  
**ANALYSIS OF EXCESS SURPLUS CALCULATION**  
**June 30, 2016**

**RECAPITULATION OF EXCESS SURPLUS AS OF JUNE 30, 2016**

C3	RESERVED EXCESS SURPLUS - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	\$ 357,643
E	RESERVED EXCESS SURPLUS	579,980
	<b>TOTAL</b>	<u>\$ 937,623</u>

**DETAIL OF ALLOWABLE ADJUSTMENTS:**

H	IMPACT AID	
J	SALE & LEASE-BACK	
J-1	EXTRAORDINARY AID	\$ 14,539
J-2	ADDITIONAL NONPUBLIC SCHOOL TRANSPORTATION AID	174
K	<b>TOTAL ADJUSTMENTS</b>	<u>\$ 14,713</u>

**DETAIL OF OTHER RESTRICTED FUND BALANCE:**

STATUTORY RESTRICTIONS:

	APPROVED UNSPENT SEPARATE PROSAL	
	CAPITAL OUTLAY FOR A DISTRICT WITH A CAPITAL OUTLAY SGLA	
	SALE/LEASE-BACK RESERVE	
	IMPACT AID GENERAL FUND RESERVE (Sections 8002 and 8003)	
	CAPITAL RESERVE	\$ 249,087
	MAINTENANCE RESERVE	
	EMERGENCY RESERVE	250,000
	OTHER STATE/GOV'T MANDATED RESERVES	
	OTHER RESERVES FUND BALANCE NOT NOTED ABOVE	-
C-4	<b>TOTAL OTHER RESTRICTED FUND BALANCE</b>	<u>\$ 499,087</u>