

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

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

**JUNE 30, 2017**

**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, 2017, and have issued our report thereon dated September 30, 2017.

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, 2017

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	\$25,000
Brian Crawford	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.

Non-Program foods were purchased, prepared, and offered for sale and as such, The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The school district did provide 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.

### **Application for State School Aid**

Our audit procedures included a test of the information reported in the October 15, 2016, 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 2016-2017 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. There were no prior year findings.

**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, 2016

	<u>2017-2018 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.	87		87					7		7														
Full Day Preschool 4 Yr.	119		119					9		9														
Full Day Kindergarten	198		198					16		16														
One	190		190					15		15														
Two	208		208					16		16														
Three	147		147					12		12														
Four	184		184					15		15														
Five	171		171					13		13														
Six	147		147					12		12														
Seven	131		131					10		10														
Eight	137		137					11		11														
Nine	358		358					28		28														
Ten	349	1	349	1				28		28														
Eleven	344		344					27		27														
Twelve	383		383					30		30														
<b>Subtotal</b>	<b>3,153</b>	<b>1</b>	<b>3,153</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>249</b>	<b>0</b>	<b>249</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	221		221					17		17														
Sp. Ed. - Middle School	162		162					13		13					2		2	2						
Sp. Ed. - High School	258	3	258	3				20	3	20	3				5		5	5						
<b>Subtotal</b>	<b>641</b>	<b>3</b>	<b>641</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>3</b>	<b>50</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Totals</b>	<b>3,794</b>	<b>4</b>	<b>3,794</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>299</b>	<b>3</b>	<b>299</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>7</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>		

PHILLIPSBURG SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2016

	<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	Sample Errors
Full Day Kindergarten	151	151		23	23		Bilingual Students	0	0	0	0	0
One	131	131		20	20							
Two	146	146		23	23		Percentage Error		0.00%			0.00%
Three	109	109		17	17							
Four	133	133		21	21							
Five	111	111		17	17							
Six	107	107		17	17							
Seven	81	81		13	13							
Eight	95	95		15	15							
Nine	86	86		13	13							
Ten	76	76		12	12							
Eleven	78	78		12	12							
Twelve	68	68		11	11							
Sp. Ed. - Elementary	181	181		28	28							
Sp. Ed. - Middle School	130	130		20	20							
Sp. Ed. - High School	118	118		18	18							
<b>Totals</b>	<b>1,801</b>	<b>1,801</b>	<b>0</b>	<b>279</b>	<b>279</b>	<b>0</b>						
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	309	309		148	148	
Transported-Non-Public	13	13		6	6	
Special Needs-Public	25	25		12	12	
<b>Totals</b>	<b>347</b>	<b>347</b>	<b>0</b>	<b>166</b>	<b>166</b>	<b>0</b>
Percentage Error						0.00%

Phillipsburg School District

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2017

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, 2016	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2017			Cumulative Total Expenditures	
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
<b>U.S. Department of Education</b>																	
<b>General Fund:</b>																	
Medical Assistance Aid	93.778	1705NJ5MAP	N/A	208,594	7/1/16	6/30/17			\$ 208,594	\$ (208,594)							208,594
<b>Total General Fund</b>									<b>208,594</b>	<b>(208,594)</b>							<b>208,594</b>
<b>U.S. Department of Education</b>																	
<b>Passed-through State Department of Education:</b>																	
<b>Special Revenue Fund:</b>																	
TITLE I	84.010A	S010A160030	NCLB-1785	1,144,135	7/1/16	6/30/17			714,731	(1,144,134)		\$ (429,403)					1,144,134
TITLE I	84.010A	S010A150030	NCLB-1785	1,145,947	7/1/15	6/30/16	\$ (898,391)		904,782	(6,391)							1,145,947
Title I Part A							(898,391)		1,619,513	(1,150,525)			(429,403)				2,290,081
TITLE II (A)	84.367A	S367A160029	NCLB-1785	145,511	7/1/16	6/30/17			65,016	(51,510)			(80,495)	\$ 94,001			51,510
TITLE II (A)	84.367A	S367A150029	NCLB-1785	155,752	7/1/15	6/30/16	(16,225)		108,356	(92,131)							155,752
Total Title II A							(16,225)		173,372	(143,641)			(80,495)	94,001			207,262
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	S365A160030	NCLB-1785	33,375	7/1/16	6/30/17				(24,173)			(33,375)	9,202			24,173
TITLE III	84.365	S365A150030	NCLB-1785	26,613	7/1/15	6/30/16	(17,027)		17,815	(10,689)			(9,901)				26,613
Total Title III							(17,027)		17,815	(34,862)			(43,276)	9,202			50,786
TITLE III Immigrant	84.365	S365A160030	NCLB-1785	1,822	7/1/16	6/30/17				(304)			(1,822)	1,518			
TITLE III Immigrant	84.365	S365A110030	NCLB-1785	14,313	9/1/11	8/31/12	799							799			13,514
							799			(304)			(1,822)	2,317			13,514
Vocational - Secondary	84.048A	V048A160030	PERK410017	35,615	7/1/16	6/30/17			7,747	(2,582)			(27,868)	33,033			2,582
Vocational - Secondary	84.048A	V048A150030	PERK410016	36,142	7/1/15	6/30/16	5,217		27,851	(33,068)							36,142
Total Vocational							5,217		35,598	(35,650)			(27,868)	33,033			38,724
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	FT4100	918,582	7/1/16	6/30/17				(911,223)			(918,582)	7,359			911,223
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT4100	955,720	7/1/15	6/30/16	(444,308)		451,667	(7,359)							955,720
I.D.E.A. Part B, Preschool	84.173A	H173A160114	FT4100	17,975	7/1/16	6/30/17							(17,975)	17,975			
I.D.E.A. Part B, Preschool	84.173A	H173A150114	FT4100	17,532	7/1/15	6/30/16			17,532	(15,279)				2,253			17,532
Special Education Cluster							(444,308)		469,199	(933,861)			(936,557)	27,587			1,884,475
U.S. Department of Ed. 21st Century	84.287C	S287C160030	11000059	250,000	9/1/16	8/31/17			204,337	(39,162)			(45,663)	210,838			39,162
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)							250,000
U.S. Department of Ed. 21st Century	84.287C	S287C140030	11000059	250,000	9/1/14	8/31/15	13,569			(13,569)							250,000
Total 21st Century							256,882		211,024	(302,731)			(45,663)	210,838			539,162

CONTINUED

Phillipsburg School District

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2017

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, 2016	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2017			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Labor</b>																
<b>Passed-through State Department of Labor</b>																
<b>Special Revenue Fund:</b>																
Morris County Freeholders:																
Workforce Investment Act-Youth Program	17.259		014107	151,377	7/1/16	6/30/17							(151,377)	151,377		-
Workforce Investment Act-Youth Program	17.259		014107	141,534	7/1/15	6/30/16	-	85,350	(17,723)				(56,184)	123,811		17,723
Workforce Investment Act-Youth Program	17.259		014107	128,804	7/1/14	6/30/15	85,298	25,169	(110,467)							128,804
Total Workforce Investment Act-Cluster							85,298	-	110,519	(128,190)	-	-	(207,561)	275,188	-	146,527
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education:</b>																
<b>Special Revenue Fund:</b>																
Race to the Top - Phase 3	84.395		N/A	84,340	9/1/11	11/30/15	103							103		84,237
Total Race to the Top							103	-	-	-	-	-	-	103	-	84,237
<b>Total Special Revenue Fund</b>							<b>(1,026,413)</b>	<b>-</b>	<b>2,637,040</b>	<b>(2,729,764)</b>	<b>-</b>	<b>-</b>	<b>(1,772,645)</b>	<b>653,508</b>	<b>-</b>	<b>5,255,925</b>
<b>U.S. Department of Agriculture</b>																
<b>Enterprise Fund:</b>																
Child Nutrition Cluster:																
Food Distribution Program	10.555	1616NJ304N1099	N/A		7/1/15	6/30/16	7,494		(7,494)							7,494
Food Distribution Program	10.555	17NJ304N1099	N/A	53,300	7/1/16	6/30/17		53,300	(50,473)					2,827		50,473
School Breakfast Program	10.553	1616NJ304N1099	N/A		7/1/15	6/30/16	(23,510)	23,510								
School Breakfast Program	10.553	17NJ304N1099	N/A	440,252	7/1/16	6/30/17		412,972	(440,252)				(27,280)			440,252
National School Lunch Program	10.555	1616NJ304N1099	N/A		7/1/15	6/30/16	(37,233)	37,233								
National School Lunch Program	10.555	17NJ304N1099	N/A	919,195	7/1/16	6/30/17		867,840	(919,195)				(51,355)			919,195
Total Child Nutrition Cluster							(53,249)	-	1,394,855	(1,417,414)	-	-	(78,635)	2,827	-	1,417,414
After School Snacks Area Eligible	10.558	1616NJ304N1099	N/A		7/1/15	6/30/16	(1,181)	1,181								
After School Snacks Area Eligible	10.558	17NJ304N1099	N/A	11,120	7/1/16	6/30/17		10,734	(11,120)				(386)			11,120
Total After School Snacks							(1,181)	-	11,915	(11,120)	-	-	(386)	-	-	11,120
<b>Total Enterprise Fund</b>							<b>(54,430)</b>	<b>-</b>	<b>1,406,770</b>	<b>(1,428,534)</b>	<b>-</b>	<b>-</b>	<b>(79,021)</b>	<b>2,827</b>	<b>-</b>	<b>1,428,534</b>
<b>TOTAL FEDERAL ASSISTANCE</b>							<b>\$ (1,080,843)</b>	<b>-</b>	<b>\$ 4,252,404</b>	<b>\$ (4,366,892)</b>	<b>-</b>	<b>-</b>	<b>\$ (1,851,666)</b>	<b>\$ 656,335</b>	<b>-</b>	<b>\$ 6,893,053</b>

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, 2017

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2016	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>STATE DEPARTMENT OF EDUCATION</b>															
<b>General Fund:</b>															
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 25,265,082			\$ 25,265,082	\$ (25,265,082)						\$ 2,512,180	\$ 25,265,082	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	185,632			185,632	(185,632)						18,458	185,632	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,395,514			1,395,514	(1,395,514)						138,760	1,395,514	
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	9,777,099			9,777,099	(9,777,099)						972,165	9,777,099	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	776,530			776,530	(776,530)						77,213	776,530	
School Choice Aid	17-495-034-5120-084	7/1/16-6/30/17	9,314			9,314	(9,314)						926	9,314	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	24,360			24,360	(24,360)						2,422	24,360	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	24,360			24,360	(24,360)						2,422	24,360	
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	25,280			25,280	(25,280)						2,514	25,280	
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	309,932			309,932	(309,932)			\$ (309,932)				309,932	
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	393,828	\$ (393,828)		393,828								393,828	
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	2,907				(2,907)				(2,907)			2,907	
On-Behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	3,402,767			3,402,767	(3,402,767)							3,402,767	
On Behalf TPAF Pension PMR	17-495-034-5094-001	7/1/16-6/30/17	2,835,279			2,835,279	(2,835,279)							2,835,279	
On Behalf TPAF Pension Non-Contrib Ins	17-495-034-5094-004	7/1/16-6/30/17	7,943			7,943	(7,943)							7,943	
Reimbursed TPAF Soc. Secur. Contrib.	17-495-034-5094-003	7/1/16-6/30/17	2,208,809			2,098,232	(2,208,809)				(110,577)			2,208,809	
<b>Total General Fund</b>				<b>(393,828)</b>		<b>46,221,220</b>	<b>(46,250,808)</b>				<b>(423,416)</b>			<b>3,727,060</b>	<b>46,644,636</b>
<b>Special Revenue Fund:</b>															
Pre-School Education Aid	17-495-034-5120-086	7/1/16-6/30/17	4,471,549			4,471,549	(4,471,549)						447,155	4,471,549	
<b>N.J. Nonpublic Aid:</b>															
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	7,551	75		7,551	(7,544)		\$ (75)			\$ 7		7,544	
<b>Auxiliary Services:</b>															
Compensatory Education	17-100-034-512a-067	7/1/16-6/30/17	43,894	11,781		43,894	(43,410)		(11,781)				484	43,410	
Transportation	17-100-034-5120-068	7/1/16-6/30/17	6,599	-		6,599	(5,416)						1,183	5,416	
<b>Handicapped Services:</b>															
Examination and Classification	17-100-034-512b-066	7/1/16-6/30/17	11,714	9,210		11,714	-		(9,210)				11,714		
Supplemental Instruction	17-100-034-512c-066	7/1/16-6/30/17	9,416	99		9,416	(8,461)		(99)				955	8,461	
Corrective Speech	17-100-034-512a-066	7/1/16-6/30/17	3,534	4,180		3,534	-		(4,180)				3,534		
Corrective Speech	15-100-034-512a-066	7/1/14-6/30/15	6,185	6,185			-		(6,185)						
Nursing Services Aid	17-100-034-5120-070	7/1/16-6/30/17	14,310			14,310	(13,785)						525	13,785	
Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	3,406			3,406	(3,406)							3,406	
Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	5,568	296			-		(296)						
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	7,950			7,950	(6,270)						1,680	6,270	
Character Ed	N/A	7/1/05-6/30/06		45			(45)							45	
N.J. Math Science Partnership	N/A	7/1/03-6/30/04		2,424			(2,424)							2,424	
N.J. Math Science Partnership	N/A	7/1/04-6/30/05		5,635			(4,485)					\$ 1,150		4,485	
<b>Total Special Revenue Fund-Dept of Education</b>				<b>39,930</b>		<b>4,579,923</b>	<b>(4,566,795)</b>		<b>(31,826)</b>			<b>1,150</b>	<b>20,082</b>	<b>447,155</b>	<b>4,566,795</b>
<b>STATE DEPARTMENT OF CHILDREN AND FAMILIES</b>															
<b>Special Revenue Fund:</b>															
School Based Youth Services	17BCWP	7/1/16-6/30/17	516,932			516,932	(466,314)				50,618			466,314	
School Based Youth Services	16BCWP	7/1/15-6/30/16	513,706	95,516			(95,516)							95,516	
Sch. Ba. Youth Svc-Jobs & More-Case Svcs	09WC7N	7/1/08-6/30/09	20,000	8,014							8,014			11,986	
<b>Total Special Revenue Fund-Dept of Human Services</b>				<b>103,530</b>		<b>516,932</b>	<b>(561,830)</b>				<b>58,632</b>			<b>573,816</b>	
<b>STATE DEPARTMENT OF AGRICULTURE</b>															
<b>Special Revenue Fund:</b>															
Curriculum for Agricultural Science Ed. (CASE)	N/A	7/1/13-6/30/14	5,000	2,000							2,000			3,000	
<b>Total Special Revenue Fund-Dept of Agriculture</b>				<b>2,000</b>							<b>2,000</b>			<b>3,000</b>	
<b>Total Special Revenue Fund</b>				<b>145,460</b>		<b>5,096,855</b>	<b>(5,128,625)</b>		<b>(31,826)</b>		<b>61,782</b>	<b>20,082</b>		<b>447,155</b>	<b>5,143,611</b>
<b>STATE DEPARTMENT OF AGRICULTURE</b>															
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16		(749)		749									
Nat. School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16-6/30/17	19,496			18,434	(19,496)				(1,062)			19,496	
<b>Total Enterprise Fund</b>				<b>(749)</b>		<b>19,183</b>	<b>(19,496)</b>				<b>(1,062)</b>			<b>19,496</b>	
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (249,117)</b>		<b>\$ 51,337,258</b>	<b>\$ (51,398,929)</b>		<b>\$ (31,826)</b>	<b>\$ (424,478)</b>	<b>\$ 61,782</b>	<b>\$ 20,082</b>	<b>\$ 4,174,215</b>	<b>\$ 51,807,743</b>	

Less: On-behalf TPAF Pension Amounts 6,245,989

Total State Expenditures Subject to Major Program Determination \$ (45,152,940)

PHILLIPSBURG SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
June 30, 2017

**SECTION 1**

**Calculation A: 2% Excess Surplus:**

2016-2017 Total General Fund Expenditures Reported on Exhibit C-1	\$ <u>67,490,413</u>	(A)
Add: Transfer from Capital Reserve to Capital Projects	\$ <u>2,499,000</u>	(A1a)
Add: Transfer from Gen. Fund to SRF for Preschool - Regular	\$ <u>346,931</u>	(A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>667,995</u>	(A1b)
2016-2017 Adjusted General Fund & Other State Expenditures [(A)-(A1)]		\$ <u>69,668,349</u> (A2)
Decreased by:		
On-Behalf TPAF Pension & Social Security		\$ <u>(8,454,798)</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)
2016-2017 General Fund Expenditures [(A2)-(A3)-(A8)]		\$ <u>61,213,551</u> (A9)
2% of Adjusted 2016-2017 General Fund Expenditures [(A9) times .02]		\$ <u>1,224,271</u> (A10)
Enter Greater of (A10) or \$250,000		\$ <u>1,224,271</u> (A11)
Increased by: Allowable Adjustment *		\$ <u>112,839</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(A11)+(K)]		\$ <u>1,337,110</u> (M)



PHILLIPSBURG SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
June 30, 2017

**SECTION 2**

Total General Fund – Fund Balances at June 30, 2017	\$ <u>22,247,138</u>	(C)
Decreased by:		
Year End Encumbrances	\$ <u>(1,858,009)</u>	(C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expen	\$ <u>(783,885)</u>	(C3)
Other Reserved Fund Balances****	\$ <u>(18,319,468)</u>	(C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year’s Expe	\$ _____	(C5)
 Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>1,285,776</u>	 (U)

**SECTION 3**

Reserved Fund balance – Excess Surplus ***[(U)-(M)] IF NEGATIVE NONE REQUIRED	\$ <u>(51,334)</u>	(E)
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**Recapitulation of Excess Surplus as of June 30, 2017**

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

**Detail of Allowable Adjustments**

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>109,932</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>2,907</u>	(J2)
Higher Expectations for Learning and Proficiency Aid	\$ _____	(J3)
 Total Adjustments (H)+(I)+(J1)+(J2)+(J3)	 \$ <u>112,839</u>	 (K)

PHILLIPSBURG SCHOOL DISTRICT  
 EXCESS SURPLUS CALCULATION  
 June 30, 2017

**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)	\$	14,669,468	
Maintenance reserve (N-2)	\$	650,000	
Tuition reserve (N-3)	\$	3,000,000	
Other Reserved Fund Balance not noted above *****	\$	-	
 Total Other Restricted Fund Balance	 \$	 <u>18,319,468</u>	 (C4)

PHILLIPSBURG SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations. There were no prior year recommendations.