

BOARD OF EDUCATION

PHILLIPSBURG SCHOOL DISTRICT

COUNTY OF WARREN

STATE OF NEW JERSEY

REPORT OF ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

**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, 2018, and have issued our report thereon dated January 16, 2019.

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: January 16, 2019

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 Admin./Treasurer	\$250,000
Melissa Koehler	Assistant Board Secretary/School Business Admin.	\$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.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made for the fiscal year 2015-2016, which became due as of June 30, 2018. The Board made a proper adjustment to the 2017-2018 billings to sending districts in accordance with N.J.A.C. 6a:23-3.1(f)3.

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.), as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. 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 12 and 14 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 \$19,000.

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 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.

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. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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 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 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.

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.

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.

Finding (CAFR finding 2018-001):

United States Department of Agriculture (USDA) requires that net cash resources for the Child Nutrition Program not exceed three months average expenditures in the food service fund. Net cash resources exceeded three months average expenditures.

Recommendation :

The board should reduce net cash resources by purchasing needed equipment, improve food quality, or take other actions to eliminate the excess cash resources in the food service fund.

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 stadium operations 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, 2017, 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 2017-2018 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

1. The board should reduce net cash resources by purchasing needed equipment, improve food quality, or take other actions to eliminate the excess cash resources in the food service fund.

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.

SCHEDULE OF FOOD SERVICE NET CASH RESOURCES

PHILLIPSBURG SCHOOL DISTRICT

FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net cash resources did exceed three months of expenditures

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 469,509
B-4		Due from Other Gov'ts	59,957
B-4		Accounts Receivable	198,484
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(75,672)
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	(2,196)
		Net Cash Resources	<u>\$ 650,082</u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	\$ 2,061,721
B-5		Less Depreciation	<u>(15,078)</u>
		Adj. Tot. Oper. Exp.	<u>\$ 2,046,643</u> (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u>\$ 204,664</u> (C)
 <u>Three times monthly Average:</u>			
		3 X C	<u>\$ 613,993</u> (D)

TOTAL IN BOX A	\$ 650,082
LESS TOTAL IN BOX D	(613,993)
NET	<u>\$ 36,089</u>
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF MEAL COUNT ACTIVITY

PHILLIPSBURG SCHOOL DISTRICT

FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Meal</u> <u>Category</u>	<u>Meals</u> <u>Claimed</u>	<u>Meals</u> <u>Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under</u> <u>Claim</u>
National School Lunch	Paid	102,147	102,147	-0-	-0-	-0-
	Reduced	24,116	24,116	-0-	-0-	-0-
	Free	<u>248,739</u>	<u>248,739</u>	<u>-0-</u>	-0-	<u>-0-</u>
	TOTAL	<u>375,002</u>	<u>375,002</u>	<u>-0-</u>		<u>-0-</u>
Severe Needs Breakfast	Paid	87,926	87,926	-0-	-0-	-0-
	Reduced	15,696	15,696	-0-	-0-	-0-
	Free	<u>159,706</u>	<u>159,706</u>	<u>-0-</u>	-0-	<u>-0-</u>
	TOTAL	<u>263,328</u>	<u>263,328</u>	<u>-0-</u>		<u>-0-</u>
After School Snack	Free	<u>12,669</u>	<u>12,669</u>	-0-	-0-	-0-
	TOTAL	<u>12,669</u>	<u>12,669</u>	<u>-0-</u>		<u>-0-</u>
TOTAL NET OVERCLAIM						<u>-0-</u>

PHILLIPSBURG SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2017

	<u>2018-2019 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	Sample	Sample	Reported on A.S.S.A. as Private School	Sample for	Sample	Sample	Sample	Sample	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Verifi- cation	Veri- fied	Errors		Verifi- cation	Veri- fied	Errors	Verifi- cation	Veri- fied	Errors
Full Day Preschool 3 Yr.	102		102					8		8												
Full Day Preschool 4 Yr.	132		132					10		10												
Full Day Kindergarten	185		185					14		14												
One	186		186					14		14												
Two	196		196					15		15												
Three	195		195					15		15												
Four	134		134					10		10												
Five	174		174					14		14												
Six	172		172					13		13												
Seven	155		155					12		12												
Eight	128		128					10		10												
Nine	327		327					26		26												
Ten	372		372					29		29												
Eleven	351		351					28		28												
Twelve	337	1	337	1				27		27												
Subtotal	3,146	1	3,146	1	0	0	245	0	245	0	0	0	0	0	0	0	0	0	0	0	0	0
Sp. Ed. - Elementary	235		235					18		18												
Sp. Ed. - Middle School	190		190					15		15						1		1	1			
Sp. Ed. - High School	269	7	269	7				21		21						2		2	2			
Subtotal	694	7	694	7	0	0	54	0	54	0	0	0	0	0	3	0	3	3	0	0	0	0
Totals	3,840	8	3,840	8	0	0	299	0	299	0	0	0	0	0	3	0	3	3	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, 2017

	<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	127	127		20	20		Bilingual Students	0	0	0	0	0
One	145	145		22	22							
Two	134	134		21	21		Percentage Error			0.00%		0.00%
Three	147	147		23	23							
Four	94	94		14	14							
Five	126	126		19	19							
Six	107	107		16	16							
Seven	99	99		15	15							
Eight	78	78		12	12							
Nine	89	89		14	14							
Ten	85	85		13	13							
Eleven	72	72		11	11							
Twelve	72	72		11	11							
Sp. Ed. - Elementary	182	182		28	28							
Sp. Ed. - Middle School	149	149		23	23							
Sp. Ed. - High School	108	108		17	17							
Totals	1,814	1,814	0	279	279	0						
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	323	323		140	140	
Transported-Non-Public	5	5		2	2	
Special Needs-Public	128	128		55	55	
Totals	456	456	0	197	197	0
Percentage Error						0.00%

Phillipsburg School District

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2018

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, 2017	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2018			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Aid	93.778	1705NJ5MAP	N/A	193,073	7/1/17	6/30/18			\$ 193,073	\$ (193,073)						\$ 193,073
Total General Fund							-	-	193,073	(193,073)	-	-	-	-	-	193,073
U.S. Department of Education																
Passed -through State Department of Education:																
Special Revenue Fund:																
TITLE I	84.010A	S010A170030	N/A	1,132,942	7/1/17	6/30/18			774,535	(1,023,936)		\$ (358,407)	\$ 109,006			1,023,936
TITLE I	84.010A	S010A160030	N/A	1,144,135	7/1/16	6/30/17	\$ (429,403)		429,403							1,144,135
Total Title I Part A							(429,403)	-	1,203,938	(1,023,936)	-	-	(358,407)	109,006	-	2,168,071
TITLE I SIA	84.010A	S010A170030	N/A	62,222	7/1/17	6/30/18			1,945	(4,725)		(60,277)	57,497			4,725
Total Title I SIA							-	-	1,945	(4,725)	-	-	(60,277)	57,497	-	4,725
TITLE II (A)	84.367A	S367A170029	N/A	114,750	7/1/17	6/30/18			71,268			(43,482)	\$ 114,750			
TITLE II (A)	84.367A	S367A160029	N/A	145,511	7/1/16	6/30/17	13,506		80,495	(91,600)			2,401			143,110
Total Title II A							13,506	-	151,763	(91,600)	-	-	(43,482)	117,151	-	143,110
TITLE II (D)	84.318X		N/A	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	S365A170030	N/A	21,823	7/1/17	6/30/18			3,200	(7,526)		(18,623)	14,297			7,526
TITLE III	84.365	S365A160030	N/A	33,375	7/1/16	6/30/17	(34,074)		43,276	(9,202)						33,375
Total Title III							(34,074)	-	46,476	(16,728)	-	-	(18,623)	14,297	-	40,901
TITLE III Immigrant	84.365	S365A170030	N/A	1,719	7/1/17	6/30/18			1,719	(1,719)						1,719
TITLE III Immigrant	84.365	S365A160030	N/A	1,822	7/1/16	6/30/17	(304)		1,822	(1,518)						1,822
TITLE III Immigrant	84.365	S365A110030	N/A	14,313	9/1/11	8/31/12	799						799			13,514
Total Title III Immigrant							495	-	3,541	(3,237)	-	-	-	799	-	17,055
TITLE IV	84.424	S424A170031	N/A	15,400	7/1/17	6/30/18			4,358	(8,233)		(11,042)	7,167			8,233
Total Title IV							-	-	4,358	(8,233)	-	-	(11,042)	7,167	-	8,233
Vocational - Secondary	84.048A	V048A170030	N/A	38,790	7/1/17	6/30/18			10,766	(5,602)		(28,024)	33,188			5,602
Vocational - Secondary	84.048A	V048A160030	N/A	35,615	7/1/16	6/30/17	5,165		27,868	(33,033)						35,615
Total Vocational							5,165	-	38,634	(38,635)	-	-	(28,024)	33,188	-	41,217
Emergency Impact Aid	84.938C		N/A	23,125	7/1/17	6/30/18				(23,125)		(23,125)				23,125
Total Emergency Impact Aid							-	-	-	(23,125)	-	-	(23,125)	-	-	23,125
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	N/A	922,263	7/1/17	6/30/18			422,373	(906,624)		(499,890)	15,639			906,624
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	N/A	918,582	7/1/16	6/30/17	(911,223)		918,582	(7,359)						918,582
I.D.E.A. Part B, Preschool	84.173A	H173A170114	N/A	17,965	7/1/17	6/30/18			9,132			(8,833)	17,965			
I.D.E.A. Part B, Preschool	84.173A	H173A160114	N/A	17,975	7/1/16	6/30/17	2,253		17,975	(17,965)			2,263			17,975
Total Special Education Cluster							(908,970)	-	1,368,062	(931,948)	-	-	(508,723)	35,867	-	1,843,181
U.S. Department of Ed. 21st Century	84.287C	S287C170030	N/A	250,000	9/1/17	8/31/18			201,338	(247,690)		(48,662)	2,310			247,690
U.S. Department of Ed. 21st Century	84.287C	S287C160030	N/A	250,000	9/1/16	8/31/17	165,175		45,663	(210,838)						250,000
Total 21st Century							165,175	-	247,001	(458,528)	-	-	(48,662)	2,310	-	497,690

CONTINUED

Phillipsburg School District

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2018

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, 2017	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2018			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	115,000	7/1/17	6/30/18				(32,932)			(115,000)	82,068		32,932
Workforce Investment Act-Youth Program	17.259		014107	151,377	7/1/16	6/30/17	-		68,018	(151,377)			(83,359)			151,377
Workforce Investment Act-Youth Program	17.259		014107	141,534	7/1/15	6/30/16	67,627		56,184	(123,811)						141,534
Total Workforce Investment Act-Cluster							67,627	-	124,202	(308,120)	-	-	(198,359)	82,068	-	325,843
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	103							103		84,237
Total Race to the Top							103	-	-	-	-	-	-	103	-	84,237
Total Special Revenue Fund							(1,119,137)	-	3,189,920	(2,908,815)	-	-	(1,298,724)	460,692	-	5,198,545
U.S. Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster:																
Food Distribution Program	10.555	171NJ304N1099	N/A		7/1/16	6/30/17	2,827			(2,827)						2,827
Food Distribution Program	10.555	181NJ304N1099	N/A	121,129	7/1/17	6/30/18			121,129	(118,933)				2,196		118,933
School Breakfast Program	10.553	171NJ304N1099	N/A		7/1/16	6/30/17	(27,280)		27,280							
School Breakfast Program	10.553	181NJ304N1099	N/A	450,959	7/1/17	6/30/18			428,748	(450,959)			(22,211)			450,959
National School Lunch Program	10.555	171NJ304N1099	N/A		7/1/16	6/30/17	(51,355)		51,355							
National School Lunch Program	10.555	181NJ304N1099	N/A	933,341	7/1/17	6/30/18			896,872	(933,341)			(36,469)			933,341
Total Child Nutrition Cluster							(75,808)	-	1,525,384	(1,506,060)	-	-	(58,680)	2,196	-	1,506,060
After School Snacks Area Eligible	10.558	171NJ304N1099	N/A		7/1/16	6/30/17	(386)		386							
After School Snacks Area Eligible	10.558	181NJ304N1099	N/A	11,149	7/1/17	6/30/18			10,621	(11,149)			(528)			11,149
Total After School Snacks							(386)	-	11,007	(11,149)	-	-	(528)	-	-	11,149
Total Enterprise Fund							(76,194)	-	1,536,391	(1,517,209)	-	-	(59,208)	2,196	-	1,517,209
TOTAL FEDERAL ASSISTANCE							\$ (1,195,331)	-	\$ 4,919,384	\$ (4,619,097)	-	-	\$ (1,357,932)	\$ 462,888	-	\$ 6,908,827

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, 2018

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2017	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2018			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 25,265,381			\$ 25,265,381	\$ (25,265,381)							\$ 2,507,197	\$ 25,265,381
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	185,632			185,632	(185,632)							18,421	185,632
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,395,514			1,395,514	(1,395,514)							138,483	1,395,514
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	9,777,099			9,777,099	(9,777,099)							970,225	9,777,099
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	776,530			776,530	(776,530)							77,059	776,530
School Choice Aid	18-495-034-5120-084	7/1/17-6/30/18	9,314			9,314	(9,314)							924	9,314
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	24,360			24,360	(24,360)							2,417	24,360
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	24,360			24,360	(24,360)							2,417	24,360
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	25,280			25,280	(25,280)							2,509	25,280
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	260,395				(260,395)			\$ (260,395)					260,395
Extraordinary Aid	17-495-034-5120-044	7/1/17-6/30/17	309,932	\$ (309,932)		309,932									309,932
Non-Public Transportation Aid	18-100-034-5120-068	7/1/17-6/30/18	5,275				(5,275)				(5,275)				5,275
Non-Public Transportation Aid	17-100-034-5120-068	7/1/17-6/30/17	2,907	(2,907)		2,907									
On-Behalf TPAF Pension	18-495-034-5094-002	7/1/17-6/30/18	4,521,853			4,521,853	(4,521,853)								4,521,853
On Behalf TPAF Pension PMR	18-495-034-5094-001	7/1/17-6/30/18	2,920,569			2,920,569	(2,920,569)								2,920,569
On Behalf TPAF Pension Non-Contrib Ins	18-495-034-5094-004	7/1/17-6/30/18	7,262			7,262	(7,262)								7,262
Reimbursed TPAF Soc. Secur. Contrib.	18-495-034-5094-003	7/1/17-6/30/18	2,301,057	(110,577)		2,411,634	(2,301,057)								2,301,057
Total General Fund				(423,416)	-	47,657,627	(47,499,881)	-	-	(265,670)	-	-	-	3,719,652	47,809,813
Special Revenue Fund:															
Pre-School Education Aid	18-495-034-5120-086	7/1/17-6/30/18	4,471,549			4,471,549	(4,471,549)							447,155	4,471,549
N.J. Nonpublic Aid:															
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	6,245	7		6,245	(6,245)		\$ (7)						6,245
Auxiliary Services:															
Compensatory Education	18-100-034-512a-067	7/1/17-6/30/18	23,032	484		23,032	(23,032)		(484)						23,032
ESL	18-100-034-512b-067	7/1/17-6/30/18	1,807			1,807						1,807			
Transportation	18-100-034-5120-068	7/1/17-6/30/18	5,403	1,183		5,403	(5,403)		(1,183)						5,403
Handicapped Services:															
Examination and Classification	18-100-034-512b-066	7/1/17-6/30/18	14,555	11,714		14,555	-		(11,714)			14,555			
Supplemental Instruction	18-100-034-512c-066	7/1/17-6/30/18	11,894	955		11,894	(8,625)		(955)			3,269			8,625
Corrective Speech	18-100-034-512a-066	7/1/17-6/30/18	1,786	3,534		1,786	(118)		(3,534)			1,668			118
Nursing Services Aid	18-100-034-5120-070	7/1/17-6/30/18	13,871	525		13,871	(13,871)		(525)			-			13,871
Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	4,218			4,218	(3,593)					625			3,593
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	10,725	1,680		10,725	(7,327)		(1,680)			3,398			7,327
Total Special Revenue Fund-Dept of Education				20,082	-	4,565,085	(4,539,763)	-	(20,082)	-	-	-	25,322	447,155	4,539,763
STATE DEPARTMENT OF CHILDREN AND FAMILIES															
Special Revenue Fund:															
School Based Youth Services	18BCWP	7/1/17-6/30/18	525,029			525,029	(525,029)								525,029
School Based Youth Services	17BCWP	7/1/16-6/30/17	516,932	50,618			(50,618)								50,618
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				58,632	-	525,029	(575,647)	-	-	-	8,014	-	-	-	587,633
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				80,714	-	5,090,114	(5,115,410)	-	(20,082)	-	10,014	25,322	-	447,155	5,130,396
STATE DEPARTMENT OF AGRICULTURE															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16-6/30/17		(1,062)		1,062									20,114
Nat. School Lunch Prog. (State Share)	18-100-010-3350-023	7/1/17-6/30/18	20,114			19,365	(20,114)				(749)				20,114
Total Enterprise Fund				(1,062)	-	20,427	(20,114)	-	-	(749)	-	-	-	-	20,114
TOTAL STATE FINANCIAL ASSISTANCE				\$ (343,764)	-	\$ 52,768,168	\$ (52,635,405)	-	\$ (20,082)	\$ (266,419)	\$ 10,014	\$ 25,322	\$ 4,166,807	\$ 52,960,323	

Less: On-behalf TPAF Pension Amounts 7,449,684

Total State Expenditures Subject to Major Program Determination \$ (45,185,721)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2018

SECTION 1

Calculation A: 2% Excess Surplus:

2017-2018 Total General Fund Expenditures Reported on Exhibit C-1	\$ <u>72,531,144</u>	(A)
Add: Transfer from Capital Reserve to Capital Projects	\$ <u>8,731,413</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)
2017-2018 Adjusted General Fund & Other State Expenditures [(A)-(A1)]		\$ <u>80,941,493</u> (A2)
Decreased by:		
On-Behalf TPAF Pension & Social Security		\$ <u>(9,750,741)</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)
2017-2018 General Fund Expenditures [(A2)-(A3)-(A8)]		\$ <u>71,190,752</u> (A9)
2% of Adjusted 2017-2018 General Fund Expenditures [(A9) times .02]		\$ <u>1,423,815</u> (A10)
Enter Greater of (A10) or \$250,000		\$ <u>1,423,815</u> (A11)
Increased by: Allowable Adjustment *		\$ <u>65,670</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(A11)+(K)]		\$ <u>1,489,485</u> (M)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2018

SECTION 2

Total General Fund – Fund Balances at June 30, 2018	\$ <u>15,656,822</u>	(C)
Decreased by:		
Year End Encumbrances	\$ <u>(1,128,385)</u>	(C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____ -	(C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expendi	\$ _____ -	(C3)
Other Reserved Fund Balances****	\$ <u>(13,072,478)</u>	(C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year’s Expen	\$ _____ (299)	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>1,455,660</u>	(U)

SECTION 3

Reserved Fund balance – Excess Surplus ***[(U)-(M)] IF NEGATIVE NONE REQUIRED	\$ <u>(33,825)</u>	(E)
--	--------------------	-----

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ _____ -	(C3)
Reserved Excess Surplus *** [(E)]	\$ _____ -	(E)
Total [(C3) + (E)]	\$ _____ -	(D)

Detail of Allowable Adjustments

Impact Aid	\$ _____ -	(H)
Sale & Lease-back	\$ _____ -	(I)
Extraordinary Aid	\$ <u>60,395</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>5,275</u>	(J2)
Higher Expectations for Learning and Proficiency Aid	\$ _____ -	(J3)
Total Adjustments (H)+(I)+(J1)+(J2)+(J3)	\$ <u>65,670</u>	(K)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2018

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)	\$ 10,222,478
Maintenance reserve (N-2)	\$ 650,000
Tuition reserve (N-3)	\$ 2,200,000
Other Reserved Fund Balance not noted above ****	\$ -
 Total Other Restricted Fund Balance	 <u>\$ 13,072,478</u> (C4)

PHILLIPSBURG SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

The board should reduce net cash resources by purchasing needed equipment, improve food quality, or take other actions to eliminate the excess cash resources in the food service fund.

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.