

BOARD OF EDUCATION

PHILLIPSBURG SCHOOL DISTRICT

COUNTY OF WARREN

STATE OF NEW JERSEY

REPORT OF ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2024

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

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Anthony Ardito, CPA, RMA, CMFO, PSA

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, 2024, and have issued our report thereon dated November 16, 2024

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.

Anthony Ardito

Anthony Ardito
Licensed Public School Accountant No. 2369
ARDITO & COMPANY LLC

Date: November 16, 2024

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 ACFR.

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 |
| Lynn Ohla | Fiscal Specialist | \$250,000 |
| 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 2021-2022, which became due as of June 30, 2024. The Board made a proper adjustment to the 2023-2024 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 ACFR. This section of the ACFR 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 in the single audit section of the Annual Comprehensive Financial Report (ACFR).

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 are contained within the Special Revenue Section of the ACFR. This section of the ACFR 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, 2020 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$20,200.

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. No exceptions noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions noted.

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 Non-Competitive Procurement contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will generate an annual profit of \$350,000. 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 should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and 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 Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were 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 (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. The FSMC did not receive a PPP loan.

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

Finding (ACFR finding 2024-001):

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.

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, 2023, 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 2023-2024 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. The prior year finding is repeated in the current year.

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, 2024

Net cash resources did exceed three months of expenditures

| | | Food Service B - 4/5 | |
|--|--------|--|-------------------------|
| <u>Net Cash Resources:</u> | | | |
| ACFR | * | Current Assets | |
| B-4 | | Cash & Cash Equiv. | \$ 1,077,955 |
| B-4 | | Due from Other Gov'ts | 49,285 |
| B-4 | | Accounts Receivable/Interfund Receivable | 153,838 |
| ACFR | | Current Liabilities | |
| B-4 | | Less Accounts Payable | - |
| B-4 | | Less Accruals | - |
| B-4 | | Less Due to Other Funds | - |
| B-4 | | Less Deferred Revenue | - |
| | | Net Cash Resources | \$ 1,281,078 (A) |
| <u>Net Adj. Total Operating Expense:</u> | | | |
| B-5 | | Tot. Operating Exp. | \$ 2,957,509 |
| B-5 | | Less Depreciation | (50,844) |
| | | Adj. Tot. Oper. Exp. | \$ 2,906,665 (B) |
| <u>Average Monthly Operating Expense:</u> | | | |
| | B / 10 | | \$ 290,667 (C) |
| <u>Three times monthly Average:</u> | | | |
| | 3 X C | | \$ 872,000 (D) |

| | |
|--|-------------------|
| TOTAL IN BOX A | \$ 1,281,078 |
| LESS TOTAL IN BOX D | (872,000) |
| NET | \$ 409,079 |
| 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, 2024

| | <u>Meal Category</u> | <u>Meals Claimed</u> | <u>Meals Verified</u> | <u>Difference</u> | <u>Rate</u> | <u>(Over)/Under Claim</u> |
|---|---------------------------------|---------------------------------|----------------------------------|--------------------------|--------------------|--------------------------------------|
| National School Lunch | Paid | 75,148 | 75,148 | -0- | -0- | -0- |
| | Reduced | 36,847 | 36,847 | -0- | -0- | -0- |
| | Free | <u>250,443</u> | <u>250,443</u> | <u>-0-</u> | -0- | <u>-0-</u> |
| | TOTAL | <u>362,438</u> | <u>362,438</u> | <u>-0-</u> | | <u>-0-</u> |
| Severe Needs Breakfast | Paid | 71,034 | 71,034 | -0- | -0- | -0- |
| | Reduced | 25,718 | 25,718 | -0- | -0- | -0- |
| | Free | <u>191,194</u> | <u>191,194</u> | <u>-0-</u> | -0- | <u>-0-</u> |
| | TOTAL | <u>287,946</u> | <u>287,946</u> | <u>-0-</u> | | <u>-0-</u> |
| After School Snack Program (Area Eligible) | Free | <u>20,272</u> | <u>20,272</u> | -0- | -0- | -0- |
| | TOTAL | <u>20,272</u> | <u>20,272</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, 2023

| | 2024-2025 Application for State School Aid | | | | | | Sample for Verification | | | | On Roll-Related Services | | | | Private Schools for Handicapped | | | | Private Schools-Related Services | | | |
|--------------------------|--|----------|------------------------|----------|----------|----------|---------------------------------|----------|------------------------|----------|--------------------------|----------|-------------------------|----------|--|----------|-------------------------|----------|----------------------------------|----------|-------------------------|----------|
| | Reported on A.S.S.A. | | Reported on Workpapers | | Errors | | Sample Selected from Workpapers | | Verified per Registers | | Errors per Registers | | Sample for Verification | | Reported on A.S.S.A. as Private School | | Sample for Verification | | Sample for Verification | | Sample for Verification | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared |
| Full Day Preschool 3 Yr. | 94 | | 94 | | | | 7 | | 7 | | | | | | | | | | | | | |
| Full Day Preschool 4 Yr. | 112 | | 112 | | | | 9 | | 9 | | | | | | | | | | | | | |
| Full Day Kindergarten | 208 | | 208 | | | | 16 | | 16 | | | | | | | | | | | | | |
| One | 163 | | 163 | | | | 13 | | 13 | | | | | | | | | | | | | |
| Two | 186 | | 186 | | | | 14 | | 14 | | | | | | | | | | | | | |
| Three | 155 | | 155 | | | | 12 | | 12 | | | | | | | | | | | | | |
| Four | 155 | | 155 | | | | 12 | | 12 | | | | | | | | | | | | | |
| Five | 154 | | 154 | | | | 12 | | 12 | | | | | | | | | | | | | |
| Six | 164 | | 164 | | | | 13 | | 13 | | | | | | | | | | | | | |
| Seven | 148 | | 148 | | | | 11 | | 11 | | | | | | | | | | | | | |
| Eight | 179 | | 179 | | | | 14 | | 14 | | | | | | | | | | | | | |
| Nine | 347 | | 347 | | | | 27 | | 27 | | | | | | | | | | | | | |
| Ten | 331 | | 331 | | | | 26 | | 26 | | | | | | | | | | | | | |
| Eleven | 359 | | 359 | | | | 28 | | 28 | | | | | | | | | | | | | |
| Twelve | 386 | | 386 | | | | 30 | | 30 | | | | | | | | | | | | | |
| Subtotal | 3,141 | 0 | 3,141 | 0 | 0 | 0 | 244 | 0 | 244 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sp. Ed. - Elementary | 233 | | 233 | | | | 18 | | 18 | | | | | | | | | | | | | |
| Sp. Ed. - Middle School | 142 | | 142 | | | | 11 | | 11 | | | | | | 2 | | 2 | | 2 | | 2 | |
| Sp. Ed. - High School | 389 | | 389 | | | | 30 | | 30 | | | | | | 5 | | 5 | | 5 | | 5 | |
| Subtotal | 764 | 0 | 764 | 0 | 0 | 0 | 59 | 0 | 59 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 7 | 0 | 7 | 0 | 0 | 0 |
| Totals | 3,905 | 0 | 3,905 | 0 | 0 | 0 | 303 | 0 | 303 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 7 | 0 | 7 | 0 | 0 | 0 |
| Percentage Error | | | | | 0.00% | 0.00% | | | | | 0.00% | 0.00% | | | | | | | | | 0.00% | 0.00% |

PHILLIPSBURG SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2023

| | <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 | Sample Selected from Workpapers | Verified to Application and Register | Reported on A.S.S.A. as Bilingual Education | Reported on Workpapers as Bilingual Education | Sample Selected from Workpapers | Verified to Test Score and Register |
| | <u>Income</u> | <u>Income</u> | <u>Errors</u> | <u>Errors</u> | <u>Errors</u> | <u>Errors</u> | <u>Errors</u> | <u>Errors</u> |
| Full Day Kindergarten | 136 | 136 | 136 | 136 | 0 | 0 | 0 | 0 |
| One | 108 | 108 | 108 | 108 | | | | |
| Two | 128 | 128 | 128 | 128 | | | | |
| Three | 115 | 115 | 115 | 115 | | | | |
| Four | 98 | 98 | 98 | 98 | | | | |
| Five | 97 | 97 | 97 | 97 | | | | |
| Six | 98 | 98 | 98 | 98 | | | | |
| Seven | 91 | 91 | 91 | 91 | | | | |
| Eight | 106 | 106 | 106 | 106 | | | | |
| Nine | 96 | 96 | 96 | 96 | | | | |
| Ten | 85 | 85 | 85 | 85 | | | | |
| Eleven | 88 | 88 | 88 | 88 | | | | |
| Twelve | 65 | 65 | 65 | 65 | | | | |
| Sp. Ed. - Elementary | 174 | 174 | 174 | 174 | | | | |
| Sp. Ed. - Middle School | 101 | 101 | 101 | 101 | | | | |
| Sp. Ed. - High School | 145 | 145 | 145 | 145 | | | | |
| Totals | 1,731 | 1,731 | 0 | 1,731 | 1,731 | 0 | 1,731 | 0 |
| Percentage Error | | | 0.00% | | | | 0.00% | |

| | <u>Transportation</u> | | | |
|------------------------|-------------------------|------------------------------|---------------|---------------|
| | Reported on DRTS by DOE | Reported on DRTS by District | Tested | Verified |
| | <u>Errors</u> | <u>Errors</u> | <u>Errors</u> | <u>Errors</u> |
| Reg.-Public Schools | 486 | 486 | 163 | 163 |
| Transported-Non-Public | 0 | 0 | 0 | 0 |
| Special Needs-Public | 100 | 100 | 34 | 34 |
| Totals | 586 | 586 | 0 | 197 |
| Percentage Error | | | 0.00% | |

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2024

SECTION 1

Calculation A: 2% Excess Surplus:

| | | |
|---|----------------|-------------------------|
| 2023-2024 Total General Fund Expenditures Reported on Exhibit C-1 | \$ 92,042,651 | (A) |
| Add: Transfer from Capital Reserve to Capital Projects | 13,750,000 | (A1a) |
| Add: Transfer from Gen. Fund to SRF for Preschool - Regular | 541,006 | (A1a) |
| Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2 | <u>667,995</u> | (A1b) |
| 2023-2024 Adjusted General Fund & Other State Expenditures [(A)-(A1)] | | \$ 105,665,662 (A2) |
| <u>Decreased by:</u> | | |
| On-Behalf TPAF Pension & Social Security | | (19,165,510) (A3) |
| Assets Acquired Under Capital Leases: General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a | <u>-</u> | (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 | <u>-</u> | (A5) |
| Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2 | <u>-</u> | (A6) |
| General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)] | <u>-</u> | (A7) |
| Total Assets Acquired Under Capital Leases [(A4)+(A7)] | <u>-</u> | (A8) |
| 2023-2024 General Fund Expenditures [(A2)-(A3)-(A8)] | | \$ 86,500,152 (A9) |
| 2% of Adjusted 2023-2024 General Fund Expenditures [(A9) times .02] | | 1,730,003 (A10) |
| Enter Greater of (A10) or \$250,000 | | 1,730,003 (A11) |
| Increased by: Allowable Adjustment * | <u>359,437</u> | (K) |
| Maximum Unreserved/Undesignated Fund Balance [(A11)+(K)] | | <u>\$ 2,089,440</u> (M) |

SECTION 2

| | | |
|--|-----------------|-------------------------|
| Total General Fund – Fund Balances at June 30, 2024 | \$ 18,957,367 | (C) |
| <u>Decreased by:</u> | | |
| Year End Encumbrances | (2,849,410) | (C1) |
| Legally Restricted – Designated for Subsequent Year’s Expenditures | - | (C2) |
| Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures ** | (1,255,968) | (C3) |
| Other Reserved Fund Balances**** | (12,719,057) | (C4) |
| Assigned Fund Balance - Unreserved – Designated for Subsequent Year’s Expenditures | <u>(43,492)</u> | (C5) |
| Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | <u>\$ 2,089,440</u> (U) |

SECTION 3

| | | |
|---|----------|-----|
| Reserved Fund balance – Excess Surplus ***[(U)-(M)] IF NEGATIVE NONE REQUIRED | <u>-</u> | (E) |
|---|----------|-----|

(Continued)

PHILLIPSBURG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2024

Recapitulation of Excess Surplus as of June 30, 2024

| | | |
|--|---------------------|------|
| Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures ** | \$ 1,255,968 | (C3) |
| Reserved Excess Surplus *** [(E)] | <u>-</u> | (E) |
| Total [(C3) + (E)] | <u>\$ 1,255,968</u> | (D) |

Detail of Allowable Adjustments

| | | |
|--|-------------------|------|
| Impact Aid | - | (H) |
| Sale & Lease-back | - | (I) |
| Extraordinary Aid | \$ 352,612 | (J1) |
| Additional Nonpublic School Transportation Aid | 6,825 | (J2) |
| Higher Expectations for Learning and Proficiency Aid | <u>-</u> | (J3) |
| Total Adjustments (H)+(I)+(J1)+(J2)+(J3) | <u>\$ 359,437</u> | (K) |

Detail of Other Restricted Fund Balance

Statutory restrictions:

| | | |
|---|----------------------|------|
| Approved unspent separate proposal | - | |
| Capital outlay for a school district with a capital outlay SGLA | - | |
| Reserve for Unemployment Claims | \$ 136,351 | |
| Capital reserve (N-1) | 10,080,706 | |
| Maintenance reserve (N-2) | 502,000 | |
| Tuition reserve (N-3) | 2,000,000 | |
| Other Reserved Fund Balance not noted above | <u>-</u> | |
| Total Other Restricted Fund Balance **** | <u>\$ 12,719,057</u> | (C4) |

PHILLIPSBURG SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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. The prior year recommendation is repeated in the current year.