

TRENTON BOARD OF EDUCATION

**MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2018

**AUDITOR’S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Table of Contents

	<u>Page No.</u>
Independent Auditors’ Report.....	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds.....	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims.....	2
Payroll Account, Human Resources and Position Control Roster.....	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	
• General Classifications	3
• Administrative Classifications.....	3
Board Secretary's Records.....	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement.....	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service.....	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation.....	6
Facilities and Capital Assets.....	7
Miscellaneous	7
Follow-up on Prior Year’s Findings	8
Acknowledgment	8
Schedule of Meal Count Activity.....	9
Net Cash Resource Schedule	11
Schedule of Audited Enrollments	12
Excess Surplus Calculation	15
Audit Recommendations Summary	18



Independent Auditors' Report

Honorable President and Members
of the Board of Education
Trenton Board of Education
Trenton, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Trenton School District, County of Mercer as of and for the year ended June 30, 2018, and have issued our report thereon dated February 15, 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 solely for the information and use of the Trenton School District's management, Board of Education members, others within the entity, and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
February 15, 2019
Cranford, New Jersey

A handwritten signature in black ink that reads "David J. Gannon".

David J. Gannon
Licensed Public School Accountant
No. 2305

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, and 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 (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jayne Howard	Board Secretary/Business Administrator	\$1,000,000
James E. Bartolmei	Treasurer	\$1,000,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$1,000,000.

Tuition Charges

The District does not receive students from any sending districts. Therefore, this section is not applicable.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account, Human Resources and Position Control Roster

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.

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

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

Payrolls were delivered to the Treasurer of school monies with a warrant made to his order for the full amount of each payroll.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* 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 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, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

During our review of the financial and accounting records maintained by the Board Secretary, we noted no exceptions.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer did not disclose any exceptions.

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 Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The study of compliance for the special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

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 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 transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,000 for 2017-18.

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

Procedures were performed on a test basis, to indicate if any individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A. 18A:18A-4*, as amended.

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A. 18A:18A-5*.

School Food Service

The financial transactions and statistical records of the school food service 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 break even. 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 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/board of trustees. 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 claims were submitted/certified in a timely manner.

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 /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. The required verification procedures for free and reduced price applications were completed and available for review.

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

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

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

Student Body Activities

Our audit procedures included a test of items selected from cash receipts and disbursements for the student activity accounts. This testing did not reveal any material exceptions.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (ASSA) 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 work papers without exceptions. The information that was included on the work papers was verified with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

The District written procedures appear to be adequate for the recording of student enrollment data.

Finding 2018-001:

During our audit of the English as a Second Language (ESL) category of the ASSA, we noted seven instances in which students were counted on the ESL work paper as receiving ESL services in error.

Recommendation:

We suggest that the District ensure all students included in the ASSA ESL count are enrolled in the District and are eligible to receive ESL services.

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 exceptions. 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.

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

Facilities and Capital Assets

The facilities projects of the District are fully administered by the New Jersey Schools Development Authority and therefore this section is not applicable.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Miscellaneous

Human Resources:

Finding 2018-002:

During our testing of controls over the human resources department, we noted that several Federal I-9 forms could not be located by the department. The Federal I-9 form is utilized to verify an individual's employment eligibility and must be completed for each new employee.

Recommendation:

We suggest that the District maintain all relevant employment forms, including Federal I-9 forms, within an employees' personnel file.

Finding 2018-003:

During our testing of the health benefit enrollment and removal process, we noted that there were seven instances in which employees were not removed from health benefits in a timely manner. Additionally, two employees' share of chapter 78 health benefit contributions did not agree to the coverage type that was selected.

Recommendation:

We suggest that the District provide additional training to employees responsible for processing changes to employees' health benefit status, as well as, implement additional procedures at the point in the process that the change in status occurs in order to reduce the number of errors that occur.

Finding 2018-004:

During our testing of the accrued sick and vacation time records we noted several errors related to the number of days credited to employees, as well as, adherence to certain provisions of the District's collective bargaining agreements.

**Trenton Board of Education
Administrative Findings-Financial,
Compliance and Performance**

Recommendation:

We suggest that the District review accrued sick and vacation time records for each employee to ensure annual time allotments and carry over balances are accurate. Additionally, we suggest that the District put in place additional review procedures over accrued sick and vacation payouts to employees.

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings with the exception of Finding 2018-003, however, based on the size and scope of the District's health benefit program, it is not considered to be of a substantive nature.

Acknowledgment

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.

**TRENTON BOARD OF EDUCATION
FOOD SERVICE FUND**

SCHEDULE OF MEAL COUNT ACTIVITY

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (High Rate)	Paid	111,767	111,767	111,767	0	0.33	0.00
National School Lunch (High Rate)	Reduced	59,515	59,515	59,515	0	2.85	0.00
National School Lunch (High Rate)	Free	1,148,678	1,148,678	1,148,678	0	3.25	0.00
	TOTAL	1,319,960	1,319,960	1,319,960			0.00
School Breakfast (Severe Needs Rate)	Paid	129,108	129,108	129,108	0	0.30	0.00
	Reduced	44,832	44,832	44,832	0	1.79	0.00
	Free	779,178	779,178	779,178	0	2.09	0.00
	TOTAL	953,118	953,118	953,118			0.00
After School Snacks	Free (Area Eligible)	88,060	88,060	88,060	0	0.88	0.00
	TOTAL	88,060	88,060	88,060			0.00
Total Net Overclaim							0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.27 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

TRENTON BOARD OF EDUCATION
FOOD SERVICE FUND

SCHEDULE OF MEAL COUNT ACTIVITY

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	111,767	111,767	111,767	0	0.050	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	59,515	59,515	59,515	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	1,148,678	1,148,678	1,148,678	0	0.055	0.00
	TOTAL	1,319,960	1,319,960	1,319,960			

Total Net Overclaim

0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.27 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

TRENTON BOARD OF EDUCATION

NET CASH RESOURCES DID/DID NOT EXCEED THREE MONTHS OF EXPENDITURES

PROPRIETARY FUNDS - FOOD SERVICE

JUNE 30, 2018

<u>Net Cash Resources:</u>			Food Service B - 4/5	
CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$ 1,760,421	
B-4		Due from Other Gov'ts	32,291	
B-4		Accounts Receivable	1,313,975	
B-4		Investments		
CAFR		Current Liabilities		
B-4		Less Accounts Payable	2,554,291	
B-4		Less Accruals	25,535	
B-4		Less Due to Other Funds	121,489	
B-4		Less Unearned Revenue	6,382	
		Net Cash Resources	\$ 398,990	(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	7,028,649	
B-5	Less Depreciation	(106,021)	
	Adj. Tot. Oper. Exp.	\$ 6,922,628	(B)

Average Monthly Operating Expense:

B / 10	\$ 692,263	(C)
--------	-------------------	------------

Three times monthly Average:

3 X C	\$ 2,076,788	(D)
-------	---------------------	------------

TOTAL IN BOX A	\$ 398,990
LESS TOTAL IN BOX D	\$ 2,076,788
NET	\$ (1,677,798)

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

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 13, 2017

	2018-2019 Application for State School Aid (10/13/17 data)						Sample for Verification				Private Schools for Disabled						
	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		Reported on A.S.S.A. as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	Verification	Sample Verified	Sample Errors	
Full Day Preschool (3 years)	10	-	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 years)	27	-	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	1,011	-	1,011	-	-	-	29	-	29	-	-	-	-	-	-	-	-
One	975	-	975	-	-	-	27	-	27	-	-	-	-	-	-	-	-
Two	953	-	953	-	-	-	29	-	29	-	-	-	-	-	-	-	-
Three	904	-	904	-	-	-	33	-	33	-	-	-	-	-	-	-	-
Four	778	-	778	-	-	-	22	-	22	-	-	-	-	-	-	-	-
Five	690	-	690	-	-	-	17	-	17	-	-	-	-	-	-	-	-
Six	645	-	645	-	-	-	15	-	15	-	-	-	-	-	-	-	-
Seven	683	-	683	-	-	-	28	-	28	-	-	-	-	-	-	-	-
Eight	591	-	591	-	-	-	21	-	21	-	-	-	-	-	-	-	-
Nine	606	-	606	-	-	-	19	-	19	-	-	-	-	-	-	-	-
Ten	679	-	679	-	-	-	21	-	21	-	-	-	-	-	-	-	-
Eleven	572	6	572	6	-	-	19	-	19	-	-	-	-	-	-	-	-
Twelve	458	7	458	7	-	-	13	-	13	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15 + CR)	114	-	114	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	9,696	13	9,696	13	-	-	293	-	293	-	-	-	-	-	-	-	-
Sp Ed - Elementary	636	-	636	-	-	-	9	-	9	-	-	-	73	73	51	-	-
Sp Ed - Middle School	437	-	437	-	-	-	4	-	4	-	-	-	68	68	30	-	-
Sp Ed - High School	453	10	453	10	-	-	12	-	12	-	-	-	85	85	48	-	-
Subtotal	1,526	10	1,526	10	-	-	25	-	25	-	-	-	226	226	129	-	-
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11,222	23	11,222	23	-	-	318	-	318	-	-	-	226.0	226	129	-	-
Percentage Error					0.00%	0.00%							0.00%	0.00%			0.00%

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)

ENROLLMENT AS OF OCTOBER 13, 2017

	Resident Low Income						Sample for Verification			Resident LEP Low Income						Sample for Verification		
	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	Reported on A.S.S.A. as LEP Low Income		Reported on Workpapers as LEP Low Income		Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample
	Full	Shared	Full	Shared	Full	Shared	Workpapers		Errors	Full	Shared	Full	Shared	Full	Shared	Workpapers		Errors
Full Day Preschool 3 Years	9	-	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Years	67	-	67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	811	-	811	-	-	-	26	26	-	205	-	205	-	-	24.0	24.0	-	-
One	898	-	898	-	-	-	39	39	-	245	-	245	-	-	33.0	33.0	-	-
Two	882	-	882	-	-	-	50	50	-	296	-	296	-	-	40.0	40.0	-	-
Three	845	-	845	-	-	-	44	44	-	237	-	237	-	-	32.0	31.0	1	-
Four	730	-	730	-	-	-	24	24	-	159	-	159	-	-	22.0	22.0	-	-
Five	632	-	632	-	-	-	20	20	-	97	-	97	-	-	17.0	16.0	1	-
Six	576	-	576	-	-	-	12	12	-	69	-	69	-	-	12.0	11.0	1	-
Seven	615	-	615	-	-	-	15	15	-	84	-	84	-	-	10.0	10.0	-	-
Eight	519	-	519	-	-	-	12	12	-	74	-	74	-	-	14.0	13.0	1	-
Nine	505	-	505	-	-	-	20	20	-	103	-	103	-	-	8.0	7.0	1	-
Ten	564	-	564	-	-	-	26	26	-	165	-	165	-	-	20.0	18.0	2	-
Eleven	427	-	427	-	-	-	15	15	-	111	-	111	-	-	9.0	9.0	-	-
Twelve	352	-	352	-	-	-	13	13	-	60	-	60	-	-	6.0	6.0	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15 + CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	8,432	-	8,432	-	-	-	316	316	-	1,905	-	1,905	-	-	247	240	7	-
Sp Ed - Elementary	584	-	584	-	-	-	2	2	-	118	-	118	-	-	-	-	-	-
Sp Ed - Middle School	408	-	408	-	-	-	-	-	-	30	-	30	-	-	-	-	-	-
Sp Ed - High School	402	-	402	-	-	-	-	-	-	24	-	24	-	-	-	-	-	-
Subtotal	1,394	-	1,394	-	-	-	2	2	-	172	-	172	-	-	-	-	-	-
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9,826	-	9,826	-	-	-	318	318	-	2,077	-	2,077	-	-	247	240	7	-

Percentage Error 0.00% 0.00% 0.00% 0.00% 0.00% 2.83%

	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors		Reported	Reduced
Regular - Public School	2,518.5	2,518.5	-	148	148	-			
Non-Public Transportation	170.5	170.5	-	16	16	-			
AIL Non Public	190.0	190.0	-	14	14	-			
Regular Special Education	856.0	856.0	-	-	-	-	Average mileage - regular including Grade PK students	3.4	3.4
Special Needs	846.0	846.0	-	125	125	-	Average mileage - regular excluding Grade PK students	3.4	3.4
Totals	4,581.0	4,581.0	-	303	303	-	Average mileage - special education with special needs	6.3	6.3

Percentage Error 0.00% 0.00%

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)

ENROLLMENT AS OF OCTOBER 13, 2017

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	35.0	35.0	-	5.0	5.0	-
One	23.0	23.0	-	3.0	3.0	-
Two	16.0	16.0	-	2.0	2.0	-
Three	13.0	13.0	-	2.0	2.0	-
Four	9.0	9.0	-	1.0	1.0	-
Five	9.0	9.0	-	0.0	0.0	-
Six	10.0	10.0	-	2.0	2.0	-
Seven	22.0	22.0	-	5.0	5.0	-
Eight	21.0	21.0	-	1.0	1.0	-
Nine	25.0	25.0	-	2.0	2.0	-
Ten	40.0	40.0	-	8.0	8.0	-
Eleven	30.0	30.0	-	2.0	2.0	-
Twelve	15.0	15.0	-	2.0	2.0	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15 + CR)	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-
Subtotal	<u>268</u>	<u>268</u>	<u>-</u>	<u>35</u>	<u>35</u>	<u>-</u>
Sp Ed - Elementary	6	6	-	2	2	-
Sp Ed - Middle School	1	1	-	-	-	-
Sp Ed - High School	1	1	-	-	-	-
Subtotal	<u>8</u>	<u>8</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
County Vocational - Regular	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-
Total	<u><u>276</u></u>	<u><u>276</u></u>	<u><u>-</u></u>	<u><u>37</u></u>	<u><u>37</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures Reported on Exhibit C-1	\$ <u>276,651,577</u>	(A)
Increased by Applicable Operating Transfers		
Transfer from Capital Outlay to Capital Projects	\$ _____	- (A1a)
Transfer from Capital Reserve to Capital Projects	\$ _____	- (A1a)
Transfer from G/F to SRF for Preschool - Regular	\$ _____	- (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	\$ _____	- (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>1,613,228</u>	(A1b)
2017-18 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]		\$ <u>275,038,349</u> (A2)
Decreased by:		
On-Behalf TPAF Pension, Post-Retirement Contributions, Long-Term Disability Insurance and Social Security		\$ <u>26,725,853</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 Percent of Fund 15 Resources Reported on Exhibit D-2	<u>97.95%</u>	(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)
2017-18 General Fund Expenditures [(A2)-(A3)-(A8)]		\$ <u>248,312,496</u> (A9)
2% of Adjusted 2017-18 General Fund Expenditures [(A9) times .02]	\$ <u>4,966,250</u>	(A10)
Enter Greater of (A10) or \$250,000	\$ <u>4,966,250</u>	(A11)
Increased by: Allowable Adjustment*	\$ <u>350,364</u>	(K)
Maximum Unassigned Fund Balance [(A11) + (K)]		\$ <u>5,316,614</u> (M)

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

SECTION 2

Total General Fund - Fund Balances at June 30, 2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 40,861,509 (C)
Decreased by:	
Year-end Encumbrances	\$ 3,108,974 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 16,685,963 (C3)
Other Restricted/Reserved Fund Balances****	\$ 295,141 (C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ 190,516 (C5)
Additional Assigned Fund Balance – Unreserved Designated for Subsequent Year's Expenditures July 1, 2018- August 1, 2018	\$ - (C6)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 <u>\$ 20,580,915 (U)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ 15,264,301 (E)
 Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	 \$ 16,685,963 (C3)
Reserved Excess Surplus *** [(E)]	\$ 15,264,301 (E)
 Total Excess Surplus [(C3)+(E)]	 <u>\$ 31,950,264 (D)</u>

Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 287,554 (J1)
Additional Nonpublic School Transportation Aid	\$ 62,810 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 <u>\$ 350,364 (K)</u>

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

- ** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount must agree to the June 30, 2018 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant to the Commissioner - Field Services prior to September 30.
- ***** Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district budget. Refer to Commissioner's Broadcast and to page of the Audit Program.

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve (N-1)	\$ -
Maintenance reserve (N-2)	\$ 295,141
Tuition reserve (N-3)	\$ -
Emergency reserve (N-4)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	\$ -
[Other Restricted/Reserved Fund Balance not noted above]****	\$ -
Total Other Restricted/Reserved Fund Balance	\$ 295,141 (C4)

TRENTON BOARD OF EDUCATION
COUNTY OF MERCER

RECOMMENDATIONS

January 0, 1900

I. **Administration Practices and Procedures**

There are none.

II. **Financial Planning, Accounting and Reporting**

There are none.

III. **School Purchasing Program**

There are none.

IV. **School Food Service**

There are none.

V. **Student Body Activities**

There are none.

VI. **Application for State School Aid**

2018-001 We suggest that the District ensure all students included in the ASSA ESL count are enrolled in the District and are eligible to receive ESL services.

VII. **Pupil Transportation**

There are none.

VIII. **Facilities and Capital Assets**

There are none.

IX. **Miscellaneous**

2018-002 We suggest that the District maintain all relevant employment forms, including Federal I-9 forms, within an employees' personnel file.

2018-003 We suggest that the District provide additional training to employees responsible for processing changes to employees' health benefit status, as well as, implement additional procedures at the point in the process that the change in status occurs in order to reduce the number of errors that occur.

2018-004 We suggest that the District review accrued sick and vacation time records for each employee to ensure annual time allotments and carry over balances are accurate. Additionally, we suggest that the District put in place additional review procedures over accrued sick and vacation payouts to employees.

X. **Status of Prior Year Audit Findings/Recommendations**

None of a substantive nature.